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RANDLORDS

BEHIND THE THRONE

BY PAUL H. EMDEN

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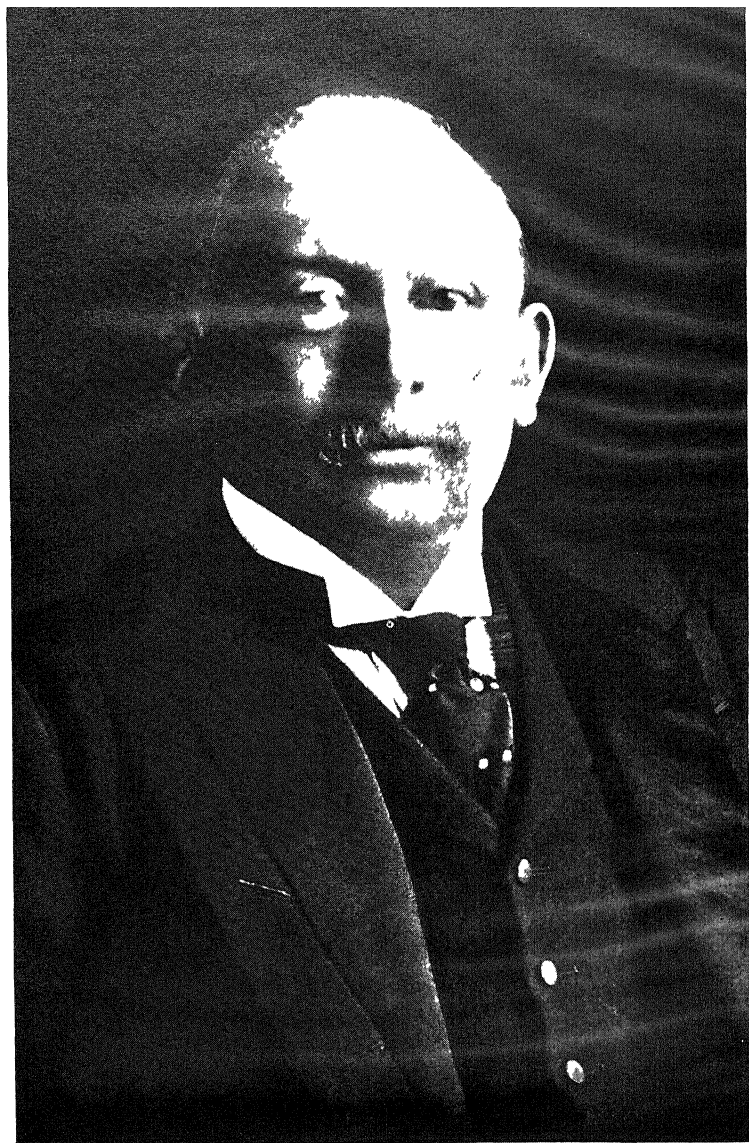
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HODDER & STOUGHTON



ALFRED BEIT

RANDLORDS

By

PAUL H. EMDEN

LONDON

HODDER & STOUGHTON

1935

■

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TO MY FATHER
IN MEMORIAM TENEBRARUM
AND
TO MY TWO SONS

●

FOREWORD

'IF a man is going to hit you, hit him first, and say: "If you try that I'll hit you again." It is no use your saying, "If you hit me I'll hit you back." D'ye understand?'

That was the homely, picturesque and effective axiom of the late Barney Barnato, one of the heroes of Mr. Paul H. Emden's penetrating story which he has so euphoniously called 'Randlords.' It might well serve to illustrate the principles on which the great figures of this book acted. 'Hit him First' was for long the *leit-motiv* of South African veld diplomacy. It was not always the richest or the most powerful who came out victorious, but he who got his blow in first many's the time carried away the prize.

This moving story of the epoch which drew aside the veil from the Dark Continent, which brought Africa suddenly, vividly and mightily as a counter in the world's game, began so recently that there are many people alive and active to-day who remember the Diamond Rush of the early 'seventies and later the Golden Era of Johannesburg in the 'eighties. I confess myself at that time to have been much disturbed by an inner voice which continued to urge me towards the Rand. Why I did not succumb to the call is a story for other pages. But I was not alone subjected to the fever. Thousands upon thousands of young men all over the world were in like state. I recall my first visit to London at Queen Victoria's Golden Jubilee. It was in 1887, and there I met half-a-dozen young men in pug-gareed hats home from the Rand, which was still newly aglow with stories of romance and fortune.

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The millionaires were already coming home with their bags filled with gold. 'Park Lane,' then the objective of rich or newly rich men, began to appear among the labels on their luggage. The music-hall singers were directing their wit and their sarcasm as well as their admiration at the nabobs of South Africa who, like the Silver Kings of Nevada before them, were attracting the attention not only of the Stock Exchange but of the solid citizenry. The Golden Age of Elizabeth's adventurers had returned. Ho! for Golconda!

Now, at last, Mr. Emden in this absorbing review, more like fiction than stern fact, places the personalities of the time before us as they were fore-ordained to be placed. The Randlords were all human beings, some forceful, some accidentally fortunate, some lovable, other repellent; just an extraordinary collection of the survival of the fittest – and in some cases the unfittest.

Of all these men two stand out clearly, far in advance of the others. First, Cecil Rhodes, the idealist, the realist, the statesman, the investor, the leader and the most impatient, yet patient, man imaginable. There he stands, the great giant granite-heart, save for soft spots which he tried ever and ever to cover up. I have known many great men in my time. In nearly every case I have discerned something soft somewhere, mostly in simple elemental things like sentimental stories or little tales of bad luck which brought the great ones to the verge of tears. This picture of Rhodes, whom I knew personally, is perfect in its delineation of character.

Next comes Barney Barnato, a greater opponent of Rhodes than even 'Oom Paul' Kruger. I also knew Barnato, and I find Mr. Emden's fascinating portrayal of this complex character uncannily true to life. 'Hit him First' was Barnato's clearly defined motto, after which 'Lift him up and bind up his wounds.'

The jig-saw puzzle which, when completed, turned out

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to be British South Africa, tells of the protagonists of early days; how they fought with and for shares; how battle royal was staged with millions for ammunition and diamond and gold mines for prizes; how the human element nearly always affected the situations in review; how Rhodes lost a vast fortune – this hard-hearted realist – because he preferred in the rush of a great ‘deal’ to rush instead to the bedside of a dying comrade; how these Randlords fought and struggled and intrigued and lied and won and lost, with the final result that South Africa has become what it is – a great, prosperous, peaceful section of the British Empire.

The diamonds and the gold changed South Africa in a few years from a backward, arid, unattractive country to a vast land of Opportunity and Fortune. These men, the Randlords, were the unwitting builders. It is constantly asserted that but for the Boer War South Africa would to-day be predominantly Dutch, and that British influence would by this time have disappeared. There is no reasonable ground for this assumption. The Boer War might have been avoided, but even so the weight of influence was in the British ownership of the mines which could not for long have been resisted. But with conditions as they were, the war was inevitable. Mr. Chamberlain is often accused of having made the war. This is untrue as much as it is untrue to suggest that Mr. Rhodes was responsible. He did not want the war. It was not in his interest to have it.

Paul Kruger did not want the war, but if any one man is to blame for its beginning it was this obstinate, stone-headed old Dopper who prepared for it years before the Jameson Raid made it inevitable. But he would never have begun it.

As it was, the Boer War had to come. History will, I think, decide in time that while there were grave faults on both sides there were also good reasons for their respective attitudes. Mr. Emden, for instance, quotes Barney Barnato as sympathising with Kruger’s unwillingness to give Britons full citizenship, while at the same time this particular

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Randlord was vehement in his defence of the general British case. Here was, indeed, a cause with two sides.

Never was the genius for British compromise more vividly shown than in the act of Campbell-Bannerman who gave the gallant but defeated Boers a share in the control of the country. Boer and Briton are no longer irreconcilable. The old Dopper spirit is dead; the contemptuous Rooinek is a friend and partner.

I cannot refrain from mentioning that it might all have turned out otherwise. To me the most astonishing aspect of this story of romance and adventure is that the preponderating characters of the drama were men who went to South Africa from Germany! We owe Kimberley first to Rhodes and Barnato; after that came Johannesburg and the Rand and the Beits, the Albus, the Neumanns, the Wernhers, the Meyers, the Ecksteins, and so on. It may be of some slight consolation to Germany, at least, to have had a hand, through its former citizens, in the shaping of a great British Dominion!

R. D. BLUMENFELD.

MUSCOMBS,
LITTLE EASTON,
DUNMOW.

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SURVEY

THE lives of the men, who in intelligent and speculative anticipation foresaw in South Africa future industries at a time when the finding of the glittering stones and of the most sought after of all metals were hardly more than a perhaps promising adventure, are the subject matter of this book. In order to be able to portray their achievements and their weaknesses – as pioneers both of the industry and of the Empire – the history of the Kimberley diamonds until the great amalgamation, and the history of the Rand to the opening up of the deep levels and the ensuing boom have been depicted; these strongly defined epochs mark the commencement of new eras in both industries.

It is not the intention of this book to outline the history of the mines themselves, either from the business or from the technical point of view; every one of them had its own fate, strongly influenced by the character and temperament of those who guided its destinies – and in addition to this a complete history of the South African Mines (it has not as yet been written) would require very many volumes.

Although in the various chapters there is constant talk of mining, even two kinds of mining, the reader will find not one passage which will in any way add to his knowledge of physical geography or of geology, and although economic events with a strong speculative trend are described (in which, therefore, the future always plays a greater part than the present), everything has been most carefully avoided which may in the remotest way be looked upon as the expression of a personal view, still less as a

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prophecy – and soundless the author will creep past the so topical problem of the premium on gold.

It has been impossible to exclude politics entirely, and not an easy task to confine them to a minimum: during the thirty years which are dealt with in this book – from the end of the sixties to the later nineties of the past century – one valuable discovery followed the other – we may almost say in logical sequence – in South Africa, and thus the country became the arena of political struggles, of diplomatic discussions and of amateur interference. Events then topical have long since been incorporated in the annals of history.

It has been said that history is a pageant and not a philosophy; a thesis of this kind, expressed with such aptness, requires the most careful handling; but if ever that view was justified, it must have been in regard to the history of South Africa during the last sixty years. That this country has not found either its Fenimore Cooper or its Bret Harte is not perhaps a matter for too much regret – there is without this fiction enough and to spare about South Africa. The day when the first diamond was found on the banks of the Vaal River, and the day fifteen years later when the first gold was extracted from the conglomerate on the Rand, saw the dawn of an era so ‘wonderful, full of drama and incident,’ that it would have required ‘the pen of an ancient Greek’¹ to depict it adequately and in its correct colours.

To his sorrow he must admit it, the author does not possess the many-sided pen of an ancient Greek to enable him to describe at the same time the tragedy and the so often accompanying comedy, the good luck and the success, the failure and the collapse of the several men in their struggle with fortune; nor has he, fully conscious of his limitations, made the attempt to work up a ‘drama.’ He has honestly tried to penetrate into the deeper relationships, both historical and economic, into the collaboration

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of frequently entirely independent individuals towards a great aim. This is the real purpose of his book, and if the author has been successful in realising his hopes, then a gap which has been felt on many sides, will have been filled up.

And one point more: it is the author's intention to state nothing but facts; accordingly he has incurred the obligation to be and to remain matter-of-fact – but it is by no means his duty to be dry and tedious. The surrounding circumstances came to his assistance in this respect; it is definitely not a tedious bypath of history which will be trodden in this book; on the contrary – a very varied, interesting and often enjoyable main road leads past all the historical points of the peaceful South Africa, not past battle-fields, ancient fortifications and ruins, but rather past the spot where Ferreira's wagon stood on the Veld (and to-day Johannesburg flourishes), where the widow Oosthuizen's farm Langlaagte was situate, where the first steam-engine in Kimberley (it belonged to Rhodes) was at work, and where with Struben's five-stamp battery the first conglomerate was worked by machinery on the Confidence Reef.

So the story of South Africa is 'both intensive and diverse'² – 'rich in enterprise and adventure.'³ There were many attractions on the side-paths, but the author hopes that he has never let himself be tempted away from the straight road into the tangled ways of romance and adventure, and in particular into no issueless mule-track, along which the milestones are already so overgrown with tales, legends and exaggerated reports that the original inscriptions have long since become illegible.

Legends and gaps caused great obstacles to the author. Anyone looking at the literature dealing with South Africa will see that the lion hunter, the explorer and the adventurer have come off far better than the men who, by way of the diamond fields and the gold mines, 'made' South

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Africa and rendered the Union possible. – The majority of them, no doubt, were speculators (and therefore egoists); but those who for this reason want to cast a stone at them should remember, that at every period of its history the Empire was built and made great by men who played a great game for great stakes – and if it had to be, beyond the narrow limits of middle-class virtues.

These South African men have up to now been much neglected by literature, and history has dealt with them at best as a group. Even so strong a character as Alfred Beit, whose immense personal influence goes far beyond the boundaries of Kimberley and Johannesburg, has not yet been placed on the pedestal due to him. – An exceptional position is occupied by South Africa's Titan, whose shadow stretched out to the Zambesi when he stood on the Cape Peninsula – there is ample material concerning Cecil Rhodes, but even this becomes less reliable when it deals with matters of business.

It is true that in the case of some men there are lengthy biographies, whose extent however tends more towards breadth than towards depth; it is with the utmost carefulness that the author has made use of them. In so far as they were commissioned, influenced and published during the lifetime of the 'hero' we have at best a subjectively arranged autobiography; in so far as they were due to heirs and written by grateful followers, we have one-sided hymns of praise, in which the subject's good lives after him and the evil is interred with his bones. In both cases such biographies lack the necessary perspective and impartiality, and the author thought himself justified in quoting from them only if the events there depicted were confirmed by other sources.

Furthermore, the author had at his disposal Memoirs from the pen of contemporaries of those days. – Memoirs have a special right to be written subjectively, and perhaps they are the more attractive and interesting, the more the

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personality of the writer is apparent in them. But when looking for facts it is impossible to rely on them, as in most cases they were written twenty and more years after the events of which they speak. It is obvious that two observers look at and value one and the same event from entirely different points of view, and it is humanly perfectly explicable and pardonable if the writer describes his own contribution in all too rosy a light. In any case it is difficult to state the course of collective action—and most occurrences (and in particular on the Rand) are collective. (It should be remembered that it has been found almost impossible to ascertain with any degree of precision the development of even one battle of the Great War and the share taken therein by individual commanders. Statements are frequently diametrically opposed – and not only if written by opposing generals.) The true course of events, however, the sequence of occurrences in time, can only be represented as they did in fact take place, and any variant is a mistake; only one man can have been the first to arrive somewhere, only one can have been the first to find gold at a given spot – but far too many in their biographical reminiscences claim to have been the first on the spot, to have been the first to initiate a great operation. The author has had to struggle with the most amazing descriptions, with missing dates (worse still with wrong ones) and with statements of figures which on a closer scrutiny proved to be so false that they were useless even as estimates.

So the author did not find much which he could use as a foundation; many things he has had to work out for himself, one doubtful fact had to be weighed against another still more doubtful, one man's gossip had to be compared with another man's gossip, and preference had to be given to that witness who in other cases had been found most reliable.

The Mining Industry might long ago have done far more than it has – in fact, it has contributed precious little

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towards filling up this blank; papers published by the great houses on the occasion of business jubilees and other festive events would have offered ample opportunity for the writing of such histories. But it frequently seems that they did not wish to lift the veil, they preferred and still prefer to allow kindly legend and gossip to spread so long as they are not harmful to their business interests. Compared with the publicity of other great industries, the gold industry has in many cases been most taciturn and reserved, and much that should in the interest of economic and historical research have been known long ago, still lies locked up and concealed in the strong rooms of the companies, and there are many indications to show that nothing is going to be done about it.

The author is unable entirely to suppress what he has observed in this respect – it seems to him even that as a conscientious chronicler he would be wrong in suppressing it, and to his regret he must confess that in some directions where he believed that he might have looked for assistance, he found ungraciously locked doors. The author does not think that he has missed any important material because of this, for he has not ceased from his endeavours in tracking down anything which seemed to him of consequence till he had succeeded in clearing it up.

One more point the author would like to mention before he launches his (he hopes) fortunate ship: in some places in this book contemporaries are discussed who are still among us; may these eye-witnesses of an agitated time, should this book come before them, be satisfied with their portraits – and with the author's earnest endeavour to depict them in a true light.

There is left to him now the pleasant duty of expressing his sincere thanks to all those who made the writing of this book possible; the Author has received much valuable assistance, amongst other friends, from *Mr. Fr. Hirschhorn*, well known in South Africa, and he gratefully records the

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gracious and indefatigable help this gentleman has rendered him; nor must he forget *Mr. Philip Guedalla*, who has been ever ready to place his great experience at the author's disposal; or *Mr. R. D. Blumenfeld*, who has kindly written the Foreword.

For material supplied and much information, he is indebted to the London Secretary of the *British and South African (Chartered) Company*; the London Secretary of the *Central Mining and Investment Corporation*; the *Empire Society* and its librarians; *Mr. Irvine Rovell Grimmer*, formerly Assistant General Manager of De Beers; the London Secretary of the *Johannesburg Consolidated Investment Company*; *Mr. N. K. Kerney*, London Editor of the *Argus South African Newspapers*; the *London Library* and its staff; the Publicity Department in *South Africa House, London*; *Mr. S. A. Springbett*, London Secretary of De Beers; the London Secretary of the *Transvaal Chamber of Mines*; the London Secretary of the *Union Corporation*.

An important place amongst those to whom the author wishes to render thanks is occupied by *Miss Louise Lauer*; her knowledge, and her ability to enter into the writer's mind, have again been to him a most valuable asset.

DIAMONDS

PEBBLES AND BUBBLES

TOWARDS the end of the eighteen-sixties things did not look very rosy in South Africa, although there were not lacking signs promising a brighter outlook; after a boom and the inevitable slump following, copper, which had been worked in Namaqualand ¹ since 1843, stood on a firm basis – banking business had developed quite well, and only the Transvaal ‘was as yet innocent of the higher forms of finance’; even gold had been found in three places on the ‘Missionaries Road’ (the important and only means of communication between south and north which, even without the ore mines, was already a constant bone of contention). Then (in 1865) ancient gold workings in Mashonaland were found by a hunter from Albany, Henry Hartley by name, the owner of a farm on the Witwatersrand; and Carl Mauch, Hartley’s fellow traveller, an outstanding figure in the history of gold in South Africa, had reported the precious metal in Mashonaland as well as in Tati on the southern border of Matabeleland. None of these three discoveries, however, was of sufficient importance to be able to bring about an appreciable change in the economic situation, and the five thousand pounds reward offered for the finding of a really rich gold mine still lay unclaimed in the Government offices at Pretoria. All the same – it was a beginning, and there was definitely no reason to be pessimistic about the future; the clouds which darkened the horizon came from another direction, for an event was in preparation which might possibly rob South Africa of

PEBBLES AND BUBBLES

the position in world trade which it had attained with so much difficulty: the Suez Canal was to be opened (1868). If as the result of this new sea-route the Cape was no longer to be a port of call on the journey to India, then it was hardly possible to guess at the extent of the danger which threatened. If in addition the garrisons should be reduced – and there is not much to guard in a country which has become unimportant – then a large class of customers, who were well able to pay and on whom South Africa was dependent, would be lost. Once before the country had passed through a similar crisis: in 1821, when Napoleon died and the military and naval establishments in St. Helena, which had obtained all they required in the markets of South Africa, had been withdrawn. Older people – and it was really not so very long ago – remembered very well the depression which followed then, and dreaded a recurrence; the hard-working population tried by every means to level matters up and to establish an export business for the few articles which the country was able to produce, but every attempt failed, including the shipping of horses to India.

Africa has always been the land of great surprises, and in this 'historic mission' the younger South did not in any way fall behind the ancient North. – A sudden, entirely unexpected discovery – more unexpected even than subsequent much greater ones – saved South Africa on this occasion: diamonds were found.

At first (April 1867) it was a single stone, and it is difficult to rob its history of all romance.

The children of a Boer, Daniel Jacobs, whose farm was situate near Hopetown on the Orange River, had brought home a few of the glittering stones which they had found by the river-side and with which they had been playing. Mefrouw Jacobs saw them lying about, and when chatting with her neighbour Schalk van Niekerk, she happened to mention the bright river pebbles. When he wanted to

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have a look at them, the children had mislaid the prettiest – it was lost, but turned up again, and the next time Niekerk was passing, it was shown to him; something¹ or other about the stone pleased him, and he asked to be allowed to keep it. From Niekerk's hands it passed into those of a travelling trader – John O'Reilly – who, according to his own story, became its hero. The stone was examined first in Hopetown, then in Colesberg, and was declared to be absolutely valueless; no one was willing to pay even a penny for it. In spite of all this the trader did not throw it away, he 'was enamoured' of the white stone, and this love showed his ability. – Lorenzo Boyes, the Civil Commissioner at Cape Town, was the first who, after looking carefully at the pebble, expressed the opinion that it might be a diamond. There were no experts in South Africa in those days, but it was known that a doctor in Grahamstown, Guybon Atherstone by name, understood something about minerals. His answer was clear and promising: 'I congratulate you on the stone you have sent to me. It is a veritable diamond, weighs $20\frac{1}{4}$ carats and is worth five hundred pounds. It has spoilt all the jewellers' files in Grahamstown, and where that came from there must be lots more.' – Hunt & Roskell, the London jewellers (the firm exists to this day), concurred in this opinion and in that of the Cape Town jeweller, Heriette, and the first diamond found in South Africa passed at the price of five hundred pounds into the possession of Sir Philip Wodehouse, Governor of the Cape.

O'Reilly, the simple man with the correct instinct, had the same experience with *the* event of his life as many others whose lives are more eventful: he told the story so often and elaborated it more and more, so that in the end he probably did not know himself what had really happened.

Although in other respects Dr. Atherstone had been right, yet his opinion that, where that stone had been found, 'there must be lots more,' was not borne out. It took ten

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months of the most intensive search before a second stone was found – thirty miles distant – and no more turned up in that neighbourhood either. It seemed as if the doubters and those who maintained that the gizzards of ostriches had accidentally carried the stones there were right.

Diamonds (pure crystallised carbon) always have occupied and to this day occupy in public opinion the first place among precious stones and are most highly valued. The diamond, originally a rare stone (lately known to exist in too large a quantity), is now kept artificially rare, and combines a great imaginary value with a size small out of all proportion. Finding diamonds might well be worth while, and the mere expectation of becoming suddenly rich by a great stroke of luck began to exercise its attraction.

Searching for diamonds did not in those early days require any great preparations or machinery of any kind, or working capital. But the diggers had to possess such good health that in spite of the most primitive mode of living and in spite of constant disappointments they were able to keep up the strength and courage which constituted their capital; their equipment was a pick and a bucket. – Riches – even without using this very relative term in any extravagant sense – did not reward any one of these diggers (and, as late as the early years of Kimberley, a man was considered rich if he could call a thousand pounds his own).

At first it was only the inhabitants of the country itself who hastened to the shores of the Orange River, and subsequently to those of the Vaal River, in search of diamonds, and there could as yet be no question of immigration properly so called. But the scene was soon to change. A Hottentot from West-Griqualand² had found quite a large diamond (uncut $83\frac{1}{2}$ carats), and in the two years which had passed since Van Niekerk's happy inspiration, people had, as the result of small finds, learnt to distinguish between a diamond and a pebble. This time Van Niekerk did not delay, did not trouble to get an expert opinion

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about the stone, but bought it out of hand from the lucky finder – who would not have known what to do with hard cash – for five hundred sheep, ten oxen and one horse, by means of which the shepherd gained his independence. This herd was of the value of about four hundred pounds. – The next buyers – for eleven thousand two hundred pounds – were the great Hopetown merchants Lilienfeld Brothers, whose senior partner, Martin Lilienfeld, had come to the country as early as the middle of the century. – The next step in the history of this diamond was – a lawsuit; a group of speculators claimed it, maintaining that it had been found in a territory over which concessions had been granted to them (by Andries Waterboer, the coloured Chief of the district, who, however, did not remain so for very much longer. Valuable lands changed hands very rapidly in South Africa, and ever it was the stronger who had the greater right). The Plaintiffs lost, and the London jewellers Hunt & Roskell were able to acquire the stone, and from them the Earl of Dudley bought it for twenty-five thousand pounds.

This famous stone was christened ‘Star of South Africa.’ Before it started on its journey to London, (Sir Richard) Southey, the then Colonial Secretary, laid it on the table of the Cape Assembly with the prophetic words, ‘Gentlemen, this is the rock on which the future success of South Africa will be built.’

In saying so, Southey did not guess the extent to which his prophecy would ultimately prove true; for the future success of the gold industry itself was to be built on the experiences which were gained in diamond mining, and in its first stages to be financed by the money obtained thereby: it was in diamonds that Rhodes made the money which enabled him to carry his plans into execution.

But all this lay as yet in the distant future.

One find followed closely on another; now began the mad hunt for the stones, for happiness – which was found

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so very rarely. Those who lived on the farms nearest the spot were the first at the new diggings (and the most decent), then the crowd became more mixed, less reputable. 'Sailors deserted ships in the ports; soldiers deserted from the Army; policemen dropped their rifles and batons; the merchant left his counting-house; the clerk his desk; the artisan his tools; the farmer his flocks and herds; and the "tough" and criminal abandoned their outlaw pursuits.' There were no roads from the harbour towns into the interior, and four hundred miles are a long way, especially when they have to be covered in a very slow ox-wagon.

It might not be without interest if we could ascertain how many people in those days tried their luck as diggers on the shores of the two rivers; but the contemporary accounts are much too divergent and much too unreliable (later on, when everything was concentrated in and around Kimberley, the figures become more reliable) to enable more than an estimate to be given; on a very conservative basis there were probably in about 1869 four thousand diggers for diamonds. . . . From this original nameless crowd, the seed of a new industry and new conceptions of wealth, there emerges the name of but one single man who had the energy and the necessary quantum of luck to hold out and who actually – later – acquired great wealth; this was Joseph B. Robinson. – And he too was financially finished when he stopped digging for diamonds; it was only the gold of the Rand which eventually made him lastingly a millionaire. Most of the others might consider themselves happy if they were just able to keep going. The first thing to happen was – two booms; not in diamonds – that did not come till later – but a small one in provisions – it was suddenly worth while to sell potatoes, at four shillings a pound – and a really big boom in wagons. The wagon-building industry in the Paarl district (a part of which was called Wagonmakers' Vlei) was unable to keep pace with the rapidly increasing demand; the oldest

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superannuated vehicles rose to new honours and realised the prices of luxury cars.

More and more people arrived, but many, who were in the happy position of being able to do something else, left the river diggings; it was really not worth while, and no one could know whether it might at some future time become worth while, for the country had never yet been even superficially examined geologically. It is true that a geologist named Wylie had in 1856 examined the soil near Smithfield with regard to the possibility of gold, but as to diamonds, no one had even thought of them. Now in 1869 people had just begun to discuss whether it might not be advisable to have a thorough examination carried out—in South Africa practice always precedes theory—when fresh great finds were reported from Zendfontein farm. The old diggings were deserted; and in the hope of better luck every new venture brought with it a new rush.

There could not of course be a question of settled legal conditions anywhere. As regards whole tracts of country it was uncertain to whom they belonged, and until then no one had cared very much, for every State had more of these cheerless deserts than it wanted. But when diamonds were found in such a No-Man's-Land, matters took on quite another aspect; now each of the surrounding States was ready with proof that the territory was its property and that it really had the best founded claims on it. Thus (1870) diamonds had been found at Klipdrift on the Free State side of the Vaal River, and immediately afterwards at Hebron and at Pniel, both situate in West-Griqualand, a much debated country since the 'Star of South Africa' had caused a glittering sensation there. However valuable that stone may have been, its finding was an isolated case and did not alter the fact that the wilderness had remained uninhabited wilderness. But now people lived there—first hundreds, then thousands, and this fact alone made a final decision essential. England

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put forward claims, the Free State also, and Waterboer had not the least intention to give way. President Pretorius, badly advised, was anxious to produce a *fait accompli*, and gave three of his friends a diamond monopoly. The diggers were particularly decent and peace-loving people who had brought their families with them and had treated the whole business as a prolonged picnic which might even turn out to be profitable – but they were not willing to put up with this arbitrary act on the part of Pretorius. They made trouble, and while R. W. Keate,³ like a wise judge, examined the claims of the various parties with the greatest care (he drew his famous Keate Line in such a way that the frontier ran through the dining-room of a farm-house, the owner of which could take his meals either as a burgher of the Free State or as a Cape Colonist according to his preference), a comic opera revolt broke out in Klipdrift. The diggers promptly announced their independence, and Stafford Parker, ‘an ex-able-bodied seaman’ of H.M. Navy, was able to add to his other experiences that of having for a short time been State President – even if it was only of a Diamond-Digger-Republic. Pretorius did the only thing open to him – he revoked the monopoly.

The dispute over Griqualand West, which is one of the most involved chapters in the history of South Africa, itself not lacking in entanglements, became more and more complicated. Brand, of the Free State, had no luck with his claims. He had lodged a protest with the English authorities: – ‘You took this territory with the diamond mines from me on the ground that it belonged to Nicholas Waterboer. Now your own judge has decided that Waterboer has no right to it. Surely equity requires that you restore it to its proper owner,’ but this was of no use and could be of no use, for in the meantime new diamond fields had been discovered. And by the time that Sir Henry Barkly, the Governor of Cape Colony, had heard Jos. B. Robinson’s judgment that it was absolutely impos-

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sible to estimate the value of the land, Keate also had in his award come to the conclusion that England's claim rested on the surest foundation. Cape Police marched in and (October 1871) hoisted the Union Jack.

Thus the territory on which Kimberley subsequently arose became English. As a small salve to apply to a big wound, the Free State received a compensation of ninety thousand pounds which President Brand used for the foundation of a National Bank.

In Pniel, then a feverish central spot but soon deserted, there were doubts at first as to whether it really was diamonds which had been found, and even Henry Adler of Durban, to whom the first good-sized stone had been sent, could not come to a definite conclusion. The difficulties were solved when the 20th Regiment of Infantry marched in, and Major Gurney, of Overend Gurney & Co., a connoisseur, first declared it to be a particularly pure white diamond, and then – sold his Commission; at the same time Captains Beecher and Rolleston laid down their swords and picked up the shovel. Captain Beecher obtained promotion as digger also; he found a very valuable stone which he sold in Cape Town; there he made the acquaintance of John X. Merriman, a man of many interests, with whom he started the firm of Merriman & Beecher which for many years had a very high reputation at the Cape. – Rolleston remained true to his newly acquired vocation, and rose to be the head of a small group of gentlemen diggers who achieved quite considerable success. A member of this energetic and daring group was the elder Rhodes, Herbert, and when in 1871 Cecil Rhodes arrived at the diggings, he met, even before he had seen his brother who was prospecting in the neighbourhood, Rolleston, 'the great man just returned from the diamond fields. To hear R. talk and to see his diamonds makes one's mouth water.' This was the first impression which Cecil Rhodes reported home from Kimberley.

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He had appeared in South Africa at just the right moment; not too soon – the frenzied rushing from one spot to another, the unnerving race after luck had ended; not too late – for it was not until then that things properly started. (To arrive at the right moment is in itself a virtue, and it is only in the life of a great man that brain *and* luck combine to bring success.) In the farms of Bultfontein and Dorstfontein small stones had been found (1870), and a year later rich finds were made on the adjacent farm of Vooruitzicht. And now began the diamond age of South Africa.

The names of these three farms – *Dorstfontein*, *Bultfontein*, *Vooruitzicht*, have somewhat fallen into oblivion; they have been replaced by others which sound more commercial and stick in the memory. This is a pity, for it was *on those farms*, whose surface was so poor that even the hardened cattle could barely find their scanty food, that *the new history of South Africa started*. They contained the sources of fabulous wealth, and at the same time it was on their soil that the power was concentrated which was to transform half a Continent.

The farm of Dorstfontein, situate to the South of Pniel, was on the 4th April 1860 granted by the Free State Government to Abraham Paulus du Toit. It was not a rush – it was a stampede which took place when diamonds were found. On the farm there was a ‘pan,’ a depression in the ground, which served as a rain reservoir, and where old Du Toit watered his cattle – an oasis in the dreary landscape and generally known as Dutoitspan (Du Toit’s Pan). Old Du Toit had received for his farm two thousand six hundred pounds from H. B. Webb, from whose possession it passed into that of the London & South African Exploration Company.⁴

Bultfontein was originally granted (16th December 1848) to J. F. Otto by the British Government (at that time occupying the Free State under the name of The Orange River Sovereignty). On this farm, the sale of which

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brought two thousand pounds, and partly on Dorstfontein arose the Bultfontein Mine.

The Vooruitzigt farm was originally part of Bultfontein, and had on the 18th April 1860 been acquired by two brothers – D. A. and J. N. De Beer. When the Port Elizabeth firm of Dunell Ebdon & Co. offered them six thousand pounds, they accepted, and as they did not want to have anything to do with the crowd which was overrunning their former farm, they trekked into the Veld. Years later doubts assailed old De Beer as to whether he had acted sensibly at the time; six thousand pounds had perhaps not been enough, he ought really to have asked sixty thousand pounds. – His wife comforted him and asked whether there was anything he wanted, anything of which he felt the need. – After some consideration he thought that he wanted to buy a new wagon. – ‘A new wagon! But, man, we have enough money, if we want, to buy six new wagons.’ The old gentleman saw this and worried no longer. He and his heirs will hardly have considered it sufficient compensation that the name of De Beer has become famous and appears on the pages of history. Many people, who know the name of De Beers only from the columns of the Stock Exchange reports, have made far more than six thousand pounds out of their property, but their names are not recorded – no one speaks of them – they are forgotten! Wealth and fame are a very rare combination.

The firm of Dunell Ebdon & Co. must surely in later years have often asked itself whether it did not (1873) sell the farm of Vooruitzigt much too soon and much too cheaply to the then Crown Colony Government of Griqualand West (i.e. Cape Colony) – although for its six thousand pounds it received a hundred thousand. When the partners subsequently discussed this deal among themselves, they will hardly have calmed down so quickly as Mynheer and Mefrouw De Beer.

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Two minefields on this farm were declared to be public diggings; first the De Beers Mine and later the Kimberley Mine on Colesberg Kopje, which did not remain a Kopje (hilltop) much longer, but became a deep excavation in the soil; at present (since 1909) it is the deepest hole ever made by man. — A man from Colesberg,⁵ Fleetwood Rawstorne, was out shooting on this hilltop, and when he sat down for a rest he began from sheer force of habit to scratch the ground — and found a two-carat stone. He told his friends on the De Beers Mine of his good luck — in this case silence would have been diamond — and on the following day there was a new rush. ('New Rush' was originally the name of these fields.) Where a few days ago there had been a wilderness, there was now a busy hive of hundreds of men. In November 1871 these diggings alone produced diamonds to the value of fifty thousand pounds, and claims (31 feet each way) were selling at four thousand pounds.

These were the beginnings of the subsequent Kimberley Mine, a part only of the Vooruitzigt farm, the purchase of the whole of which had cost, first six thousand, then a hundred thousand pounds. And for the Kimberley Mine alone Rhodes paid on the 18th July 1889 — by a cheque which perhaps remains one of the largest ever drawn — more than five million pounds. Was old De Beer perhaps right after all when he thought that six thousand pounds had not been quite enough?

All these diamond mines — Kimberley, De Beers, Dutoitspan and Bultfontein are situate within a circle three and a half miles in diameter. In the centre arose (1870) a mining camp which, at the same pace as the industry, developed into a Community which, as early as the 5th June 1873, was granted Civic rights by a proclamation: 'The encampment and town heretofore variously known as De Beer's, New Rush, the Colesberg Kopje No. 2 or Vooruitzigt, shall henceforth be and be designated the town of Kimberley.'⁶

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The first diggers were almost entirely dependent on themselves; in the beginning there was no control – nor were there any taxes; for a time there was unbounded liberty. Yet it was necessary that order and peace should be established amongst so many men, whose number grew from day to day,⁷ and to ensure them the mining population itself formulated its first laws and regulations. A Diggers' Committee saw to it that conditions got settled, and was the mouthpiece for all proper claims. Justice was meted out firmly, but with entire impartiality and without excesses. – Such a community without authority is the expression of the most perfect democracy. No one asked the other whence he came, and the sole interest common to all equalised all.

But this state of things did not last. It very soon appeared that here also, in the struggle for life, the most acute, the most energetic and far-seeing would rapidly outstrip the weaker and less gifted and become his master. Democracy soon became a thing of the past – for many nothing but a pleasant memory – and before long the development took a decidedly plutocratic direction. Just as later on in Johannesburg, the circumstances and the obstacles which the individual was powerless to surmount, led forcibly towards a capitalistic – and also a technical – concentration. The digger who wanted to take the sporting chance of either getting rich quickly or going under stood as little chance in Kimberley as he did later on the Rand.

Diamond digging was an exciting but not a profitable business for those who, in the sweat of their brow, from the rising of the sun till the going down thereof sought their luck with pick and shovel in their hands. Success, the great success which finds its expression in the figures of output and its value, passed in an increasing measure into the possession of the few. The report – and at the same time forecast – of the year 1872: 'Even now it does not pay one man in five to dig; very soon it will not pay

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one in ten – no, not as I think one in a hundred,’ proved to be more than true, and in the end it did not pay even for one in several hundreds. The man who had worked so hard that after a few years he could call a strong double tent his own was envied as might be the proprietor of a luxurious mansion, and the owner of a thousand pounds was considered rich. Yet without exception they all belonged to ‘that band of light-hearted, haphazard pioneers who, rejoicing in youthful energy and careless of their interests, unwittingly laid the foundation upon which so many great fortunes have been built.’

Quite apart from the enormous technical difficulties which were met with very early and which urged towards concentration and the elimination of the individual digger, the work became more and more expensive; pick and shovel were no longer sufficient as tools; costly machinery had to be obtained from Europe, the harbour towns were a good four hundred miles away, and the sound of the steam engine lay as yet in the distant future. (It was not till fifteen years after the finding of the first diamond in what subsequently became Kimberley – the 28th November 1885 – that the railway was opened.)

The mining camps lay in an arid desert region, where in the summer the burning heat dried up all vegetation. In rainless seasons the water question was an important problem; the nearest spring was seven miles away. There was an improvement after the first well had been sunk in the vicinity. The diggers stood in long rows while pumping was proceeding, and anyone who in between felt the ‘need for a sudden superficial ablution’ still had to wend his way to the liquor-shop and buy a bottle of soda-water. But ‘one does not realise the limited capacity of a soda-water bottle until one is driven to employ it thus,’ humorously complains Lionel Phillips in his early Kimberley days. This water shortage, camp-fever, the poor food and the urge and temptation to drinking – all these

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were factors which deterred men and induced them to leave the mines.

And yet in spite of all this it was difficult to find the energy to leave the soil which held diamonds for the lucky ones. 'As long as there are diamonds in the ground, any man has the chance to find anything. Even if he's had no luck for years, that's not to say he can't have luck to-morrow.' Ever and always the talk was of 'luck,' but there was far more talk of luck than actual luck. But if it did happen and a digger had really found valuable stones, then his experience was the same as that of the man at the gaming tables who cannot stop while he is winning till he is compelled to stop by his losses. — The diggers' winnings always went back to the place whence they had come — into the soil which did not yield to them, as it does to the agriculturist, a regular harvest, but merely swallowed them up. — If there was nothing else for him, then the digger gave up his independence (the only thing he possessed: his liberty), took some job or other and saved up every penny — in order to risk his savings anew. Thus the diggers slowly became useless for any other kind of life.

The thousands to whom Kimberley brought no luck are unhonoured and unsung. 'Had they succeeded well, they had been reckoned amongst the wise,' but as things turned out . . . And nothing succeeds like success.

Better prospects than those of the great mass of the diggers opened up before those who had turned to the newly arisen calling of a Kopje walloper — the buyer up of diamonds. He, if he was successful, would develop into the future diamond merchant, but for the moment his working capital lay in his breast pocket and his warehouse in his trousers pocket.

As early as the middle of the seventies classes had begun to form among the diamond diggers; an élite had arisen high above the great mass.

Amongst the successful diggers were Francis Baring-

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Gould, subsequently a Director, and Francis Oates, after Rhodes the Chairman, of the De Beers Company. Jos. B. Robinson who, surely to his sorrow, was not able to claim that he had found the first diamond, had transferred his far-reaching activities from the river diggings to Kimberley (1870); in his biography, really an autobiography, he gives the following description: 'Most of the men who were to make history in South Africa in the next twenty years were assembled there. A tragedy was to be enacted, and at Kimberley the performers gathered to learn the parts allotted them. Cecil Rhodes⁸ was there, a dreamy, awkward youth; . . . Barnie Barnato⁹ appeared from time to time on the boards of the local theatre; Lionel Phillips⁹ was working as a superintendent in a block of Robinson's claims; and Robinson himself, a tall figure with the keen blue eyes shaded by the now famous white helmet that he always wore, was often to be seen attending the early morning market before the work of the day.'

The picture of Kimberley by John X. Merriman, who for a few years subsequent to 1872 must also be included amongst the diggers, is not painted in such bright colours as that of Jos. B. Robinson; he calls it quite shortly, 'Peripatetic Adventurers and Wandering Thieves.' Others of the veterans were Henry Nourse and J. B. Taylor, both going back to the very early days. — The list of the 'great diggers' would be incomplete if it did not include the picturesque Digby Willoughby who later went to Madagascar, entered the service of the lovely Queen Ranavola and became her Prime Minister. In the second year of Kimberley's history the very acute Sammy Marks, David Harris ('Pioneer, Soldier, Politician') and William Heyward Rogers had arrived; in this year of the greatest immigration Julius Wernher had journeyed as diamond buyer for Jules Porges to Kimberley; his future partner Alfred Beit did not come till 1875, and was more than satisfied when he had made 'pounds twelve hundred a year.' Rudd was brought

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out by Rhodes from Oxford in 1874. Amongst the diamond buyers who had each his own speciality and would only buy that, Anton Duenkelsbuehler ¹⁰ had made his name; Ludwig Breitmeyer was considered to be the most fastidious; George Albu had just (1876) appeared. Siegmund Neumann was buying for V. A. & E. M. Littkie. – A late-comer was Max Michaelis (1878).

These are the *dramatis personæ* ¹¹ in the star cast of the Kimberley Pageant.

With a few exceptions they will be met again; only the title of the huge colourful historical show has by then been changed, and the chapter in the book of history will be called 'Johannesburg.' For the Rand was merely a continuation of Kimberley – methods and men were the same – also the mistakes.

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AS long as the eagerly desired white stones were found on the surface, or at slight depths in yellow ground, working costs were not high, and technical difficulties absolutely non-existent. In the course of years, however, when it became apparent that it was possible – this was the advantage – and necessary – this was the drawback – to go deeper in order to win diamonds, digging for diamonds was no longer quite so simple. When the yellow ground came to an end and a hard blue layer made its appearance and no more diamonds turned up, panic broke out. Was this blue layer to form the funeral pall of Kimberley? It almost looked like it. . . . In this appalling disappointment claims were sold at a fraction of their true value to optimists who thought that diamonds would be met with again if only the diggings went deep enough. Barnato, purely from instinct, was among the undismayed. He had worked out a most peculiar and original theory which, though as it went clean in the face of all geological science, turned out in the end to be correct. He had argued the matter thus: ‘The first diamonds discovered in South Africa were from the Vaal River. Of course they did not grow there. . . . Then at Kimberley we had the diamonds in the yellow ground with the reef all round, in which there were no diamonds at all . . . it was to me evident from the first that the diamonds were never deposited at all, but had been forced up from below. . . . Dr. Atherstone¹ declared that the Kimberley, De Beers and other mines were old volcanoes . . . and that the diamonds had crystallised out

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under pressure. I did not care for any of his theories; they were not in my line. But I did care that he should, as a careful observer, come to the same conclusion as I had, who knew every claim on the Fields and every turn of the reef – that the diamonds came from below through what was once a sort of tube in the earth. Then, since I was certain that the diamonds came from below, it followed that there must be more lower down; if not in the blue, then on the other side of it. . . . So I determined to go on until it broke me. And I was right; it didn't break me. . . . ' – Thus, although geologists might shake their heads, Barnato had solved the theory for himself by a most practical test, which in truth did not break him. And again it had been proved that feeling is all and theory nothing but 'sound and smoke veiling heaven's splendour.' The blue ground was pierced, and new diamond grounds were found.

But every one of the hundreds of claims in the same mine was excavated independently of its neighbour, and without going into technical details it is easy to imagine the state of things which was bound to arise. – In the course of time the various claims had reached entirely varying levels; those which went deepest suffered from the débris of the higher ones; water had caused difficulties which it was impossible for the individual to overcome (and in coping with which Rhodes with his steam engine had earned quite a lot of money). Subsidences were the order of the day, and frequently the owner of a deeper claim woke up to find his property buried.² Each stood in the way of the other, and the struggle for diamonds which on the surface had led to endless complaints and difficulties, led to free fights below ground.

The Mining Board³ did what it could, and extracted high remuneration for repairing individual damage, but this did not avail much.

Until now every owner of a claim had worked on his

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account as he thought best, he had dug as deep as he was compelled and able, and had sold his stones at the best prices which he could obtain. Every week diamonds of the value of fifty thousand pounds were still (1875) brought to the surface, but it must be remembered that there were twenty thousand Whites who had taken part in this production in some form or other, and about sixty thousand people in some way had to obtain their livelihood from it.⁴ The real problem was this: there were too many producers, and hence too many sellers. The industry could not stand this for long. A uniform system of some kind had to be evolved to control the output, for the result to be aimed at under all circumstances was, that the supply should never exceed the demand.

Diamonds are not a necessity of everyday life, nor have they any intrinsic value (except, according to Rhodes,⁵ for engagement rings). All they have is an imaginary value as rarities, and this rarity had to be maintained at all costs. Diamonds must not be allowed to become caviare to the general. Gold (which is not a merchandise, but an internationally recognised standard of value) may find a purchaser at a stable price, although unlimited quantities are produced. But if too many diamonds are offered for sale to a very susceptible market, then the price will fall below the level at which it is profitable to produce them. And whilst the price per carat had fallen from about twenty-seven to about eighteen shillings, working costs had done nothing but rise. For the deeper you go down into the earth, the higher are your expenses.

And it had become necessary to go deeper and deeper in order to find diamonds, and greater and greater masses of earth had had to be worked over and washed in order to have a handful of stones left; eventually seventy thousand tons of ground yielded only ten and a quarter pounds weight of diamonds. How difficult production grew when it became necessary to go deeper and deeper is graphically described

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by Gardner Williams, subsequently General Manager of De Beers: a mass which would form a cube of 430 feet, higher than St. Paul's, had to be worked over, and the extracted diamonds could be placed in a box of 2 feet 9 inches square.

Digging had been carried out without settled plans, the only aim being production day by day, without any consideration of what might happen in the future; thus the system of open workings drew nearer and nearer to collapse – physical and metaphorical. It became necessary to install shafts, drives and levels; as long, however, as every mine was in such divided ownership, it was impossible even to think of starting underground workings.

In a few cases owners of adjoining claims had already combined in order to fight their common difficulties, but these combinations were far too small to be of much use.

Up to 1876 no one was allowed to own more than ten claims, but when it became obvious that it was impossible to avoid larger combinations, the 'ten-claim clause' was revoked, and this sounded the death-knell of the individual digger.

The revocation of this restriction was of twofold enormous importance. As everywhere else in the inexorable struggle for existence, the stronger and more enterprising could now eliminate the weaker – so here by buying out the small holder. The second result, however, was even more important. Up to now Kimberley had financed itself – had been compelled to finance itself – for it is only the mighty who obtain credit. Whatever had been gained had been – more or less profitably – put back into the soil. But the moment the ten-claim clause was revoked, the Banks opened their doors, the road to the international money market stood open, and at the same time the very tortuous path which leads to the speculative investor in every country. For now the formation of Joint Stock Companies had become possible.

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From its very first days the 'somewhat precarious industry' had been tainted by something enormously speculative, for it had been founded, made possible and promoted by an unchecked gambling spirit. But in spite of all this, during the first years after the formation of the Companies things were more quiet than might have been expected. As yet the infectious fever had not gone beyond Kimberley.

By this time – the late seventies – Kimberley was no longer a primitive diggers' camp; it had become a settled town, with urban manners, and everything was properly organised. Even the share transactions 'were conducted in so systematic a manner' that, when things had gone so far that it became necessary to speak, not of a 'rise' but of a 'boom,' it 'bore a close resemblance to one of those speculative fevers which occasionally seize the home exchange.'

The Diamond Boom has generally been described as if promoters, blinded by their early success and losing all restraint, had first turned some valueless property or other into a limited liability company and had then unloaded it on to a credulous public. Things did not happen like this (and could hardly happen like this), and in reality events took quite another course. . . . This statement must not be taken to mean that everything which was financed in Kimberley was absolutely first class and gilt-edged. There, as everywhere else where treasures have to be drawn out of the earth, where the future has to be discounted, bogus promotions were carried out and frequently extremely doubtful expedients were resorted to. (The following story, related by an eye-witness, is too delightful to be allowed to fade into oblivion: a potential investor was to be ocularly convinced of the richness of a claim; just as he had arrived at the bottom, a hail of diamonds descended upon him. The arrangements made for his visit had somehow gone wrong; the stones *thrown* down upon him were to have been *found* by him.) But all the same the march of events in Kimberley was different from that of

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most other booms which have made history, and also different from the Stock Exchange explosions which did in fact finance the Rand and make Johannesburg great. It was not the boom in shares which financed the Diamond Mines. . . .

By the late seventies there were in Kimberley several Companies which had been registered, but which still retained their completely private character: the shares were and remained in the hands of the founders. Among such limited companies were the French Diamond Mining Company (*Compagnie française*) and the Cape Diamond Mining Company. Both were the result of a natural development – adding first claim to claim, then block to block, the blocks ultimately becoming a Company. – Both worked exceedingly well, paid very high dividends, and none of the shareholders would have been so foolish as to sell the shares at any market quotation. Round about 1879 there were twelve Companies with a total capital of two and a half millions, and their shareholders also were mainly still in Kimberley; on their formation the shares had not been paid for in cash, but had been allotted to the owners of claims as fully paid in return for their properties. As soon as the new shareholder had the scrip in his hands he looked upon himself as a capitalist, but generally this stage did not last very long, and before long he wanted to handle some hard cash. The worse the progress of the new Company, the less prospect there was of getting rid of the shares in Kimberley itself. His salvation could only come from afar, but in those days only very little was known afar of Kimberley and its mines.

Not until the various concerns gradually extended their sphere of influence did the entirely legitimate need arise also to extend the circle of parties interested and to attract money from outside. The whole movement – exaggerated rise followed by exaggerated fall – took place so quickly that at that time the new diamond shares re-

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maintained almost entirely unknown on the London Stock Exchange, the chief market for over-seas securities. Not till 1886 did Europe begin very slowly to show any interest in Kimberley shares,⁶ and then only in small quantities and 'à fond perdu.'

In Kimberley itself it was the easiest thing in the world to place the new shares. As soon as there was even a talk of promoting a new Company, the shares were over-subscribed, and the successful applicant was offered a premium merely for the chance he might have of obtaining shares in the new venture. (During the gold boom in 1895 it happened in London that even application forms printed in advance were bought at a premium.)

The whole of Kimberley took part in these flotations, 'doctors and lawyers, masters and servants, shopkeepers and workmen, men of the pen and men of the sword, magistrates and I.D.B.s,⁷ Englishmen and foreigners.' All were anxious to share in the supposed good fortune. The strongest contingent of speculators, however, consisted of the diggers themselves, and especially of those who had been working without much success, but had some money left, and were anxious to try their luck in this way. - Regular work came to a stop, interest centred in the share market, life was lived at high pressure, and champagne flowed freely. It was Kimberley's heyday.

From diamonds the fever of promotion passed on to the whole business life. Everyone saw in the limited liability form unlimited possibilities. Laundries, coal merchants, hotels, clubs - all transformed themselves into limited companies.

The money of the foreign investor, who began occasionally to participate in the matter, helped to fan the flame; the foreign investor was even less critical than the investor at home; but then, where could he have turned for information?⁸ And as he wanted to participate at any price, he had to buy whatever was offered him. Nothing

belonging to Rhodes or Beit came on the market, and it is improbable that Barnato allowed himself more than very occasionally to be tempted by very high quotations.

None of the buyers inquired as to the *what* and the *where* of the new ventures offered him, nor as to the number of claims or where they were situated. The main thing was that it was diamond shares. As the desire for these shares grew greater, and as the number at their disposal began to run short, can we very seriously blame the professional promoters if in view of such a mania *intra et extra muros* they went on promoting? The danger of an over-production of diamonds was greater than the danger of an over-production of shares. Here the demand was greater than the offer.

In Kimberley they found that *mundus vult decipi*. In Johannesburg they had learnt to begin with *decipiatur*.

After six months of a whirl of flotations and of boom Kimberley had, instead of its former twelve, seventy-one diamond mining companies, in which eight million pounds were invested.⁹ By the middle of September 1881 the boom was over.¹⁰

If it can be said of the diamond bubble that perhaps it had an exotic tinge, it is not possible to say so of its reverse side. The Kimberley slump progressed on entirely European lines, by methods which always have been used and, it would seem, will always continue to be used, and nothing original is left to report. The senseless and boundless speculation had been encouraged by light-hearted bank managers who were content to take in payment of a purchase price acceptances at six months, without any regard to the value of the signatures, as the shares remained as cover for the acceptances. This so-called double cover ceased to be any cover at all the moment shares fell and acceptances could not be met.

The first to get cold feet were – the banks, which up to then had supported every issue, as it brought them in

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considerable sums. Bank Managers checked accounts which they ought never to have allowed to grow to such a size, and looked at the securities – a thing they should have done when they were lodged and which in the meantime had assuredly not grown worse. Now fault was found because they were not sufficient; existing overdrafts were called in, no new ones granted. – The inscription over every boom may be different, that over every slump is the same: – The poor devil is allowed to get into a mess, and then he is left to get out as best he can.

The pressure exercised by the banks was felt first by the companies, then by the shareholders who were in arrear with their calls. When these could not be met, the difficulties of the Companies increased. Work came to a partial standstill, and when no help came – and whence could it have come? – liquidation was the only way out. The great strong undertakings survived the crisis and profited by it. So there is nothing new to report from Africa.

This is not to say that all the collapsed Companies were of no value – quite the contrary; there were many among them which it was well worth while to recall to a second life. They were rescued from the crash at prices which – were not too high.

But Kimberley has never been able to recover, it has never again become the Kimberley of the past. It had become guilty ‘almost of financial suicide.’

The process of concentration, however, had been accelerated and assisted by the slump; not only were claims consolidated into blocks and blocks into companies, but companies combined into groups.

In the middle of the eighties even the toughest and the least willing to learn among the diggers had come to recognise that it was impossible to go on as in the past, and that a drastic change alone could save the industry.

The great amalgamation which was in the air, of which everyone was talking even before it was known who could

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have the strength or the means to carry it through, was bound to come so that it should be possible to produce and sell at profitable prices. – Surely there was no need for any further reasons!

Many had attempted to carry it through, amongst them Merriman, but even his scheme for a gigantic diamond concern had not succeeded.¹¹ – At least three men in Kimberley were at work on the plan in 1887: Rhodes, Beit and Barnato.

Rhodes had started early to round off his properties, and in 1873 he had combined his claims with those of Rudd.¹² Very calmly and purposefully he limited himself to the De Beers Mine, and when he felt that as a private individual he had bought enough and that more extensive plans could to greater advantage be carried through by a limited company, he had in 1880 founded the De Beers Company with a modest capital of two hundred thousand pounds.¹³ The latter proceeded on its equable way, which occasionally led to the other mines, but in the main confined itself to the old neighbourhood. Until 1883 Rhodes was the Secretary of the Company, then its Chairman; he looked after every detail, tried to make economies everywhere, found that ‘the expenses are simply damnable.’ In 1887 the De Beers Mine and the De Beers Company were practically identical. . . .

A bare three-quarters of a mile away Barnato sat in the Kimberley Mine and had done the same thing as Rhodes in the De Beers: bought up. – He had floated his claims as the Barnato Diamond Mining Company,¹⁴ then had joined the Standard Company.

In the very centre of the Kimberley Mine lay six claims, owned by a man called Stewart who, pig-headed to a degree, refused to sell, and may claim to have been the last individual digger in Kimberley. Barnato, guided again purely by instinct, had a particularly high opinion of these claims,

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and he concluded that whoever owned them 'held the very key to the centre and would control the whole.' Against a man like Stewart, Barnato had to use specially big guns, and when he had offered thirty thousand pounds per claim – a record price – Stewart surrendered.¹⁵ With the Stewart claims in his hands, he joined forces with the Kimberley Central,¹⁶ and so was nearly master of the Kimberley Mine. But only nearly. There was still the French Company which owned very many claims; its shares were in very powerful hands and controlled from Paris.

Beyond his interests in the Kimberley Mine, Barnato, led by the flair of the speculator, but without any clear guiding lines, had bought up on the Stock Exchange all kinds of shares. Thus he owned great blocks of the De Beers Central and of the Oriental Company, the two principal mining companies in the De Beers Mine. He could of course reckon on Rhodes having to buy them from him some day or other, but in Barnato's hand they did not represent any power, as the blocks, though considerable, did not confer the control.

The third great power in Kimberley was Beit. It is necessary to be very careful with anecdotes, especially those dealing with this period so rich in stories, but the following seems to have some probability: one day Rhodes asked Beit quite casually what plans he was considering at the time, and received the startling reply: 'I am going to control the whole diamond output before I am much older.' Rhodes thought it wise at once to put all his cards on the table, and from that day on Beit completely identified his Kimberley interests with those of Rhodes.¹⁷ To have a man like this as his partner in the final struggle meant for Rhodes half the victory. . . . Subsequently, when the plan had been worked out and its execution was under discussion, Rhodes asked Beit the very cogent question, where they were to get the immense sums which would be necessary for the amalgamation. Beit gave the assured

reply of the great financier, there was no need to bother about this, there was no doubt that 'we will get the money if we can get the shares,' and later Rothschild was of the same opinion and was prepared to give the money if the shares could be got. . . .

Now at the turn of the year 1887 to 1888 the position was as follows:

Rhodes was absolute master of the De Beers, which was smaller than the Kimberley Mine. – Beit had joined forces with Rhodes.

Barnato had brought into his Kimberley Central Company all the claims which he owned in the Kimberley Mine. In the French Company he had great influence, but no voting control.

Both were prepared for the final struggle, perhaps even over-prepared. It almost seems as if they had prepared and provisioned to such an extent that in time the provisions would have to be allowed to spoil because they had become indigestible for the combatants.

Amalgamation, therefore, *was bound* to come. For a short breathing space each looked at the other. Then Rhodes took the first step.

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THE approaching conflict was not one of the many fights for majority, such as the industrial and capitalistic development in many departments of production frequently entails – it was the struggle for existence of a whole industry with a capital value of many millions of pounds. Behind the contest for entirely material things stood a powerful idea and a far-seeing historic aim. The stake was far more than De Beers on the one hand and Kimberley Mine on the other; the question to be decided was – should diamonds in future be exploited as an instrument of capitalism pure and simple or as a weapon of capitalistic Imperialism; behind the stones stood the future of South Africa.

Two men, fundamentally different in their lineage, their character and their position in life – two completely opposing aspects – stood face to face. The course of events was so full of dramatic moments, the main actors rose to such eminent heights, that it is not necessary to try for artificial effects. It is wrong to represent the sequence of happenings in such a way as to make it appear that Rhodes had conquered an obstreperous Barnato in the fight *for* shares and *with* shares, and had then presented an ultimatum to him. Such a version would make a dramatic finale possible, but unfortunately it happens to be incorrect.

If before the first passage of arms we try to estimate the relative strength of the combatants, we shall see that Barnato's position was the more favourable; the claims in the Kimberley Mine were more valuable than those in

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De Beers – but Barnato always had too high an idea of his own possessions and considered that one Central share was worth two De Beers – and in addition Barnato was in those days richer than Rhodes. – Right at the outset, however, he made a mistake; he knew quite well that in business as in sport attack is the best defence, and one of his rules, dating back to his early days in the boxing ring, ever was, ‘If you are going to fight, always get in the first blow’ – but this time he waited.

Rhodes made the first attack – which was repulsed; he had had his eye on a few claims registered in the name of W. A. Hall, which belonged to the Cape of Good Hope Bank, but he was too late: a syndicate under the management of Sir Donald Currie ¹ had acquired them for one hundred and ten thousand pounds.

After the failure of this attempt there seemed to be no other alternative for Rhodes but to prepare on the broadest possible basis an attack on the strongest position inside the Kimberley Mine – the French Company,² in which Barnato’s holding, if it did not confer the voting control, yet was so important that a merger was impossible without his consent. Even with Alfred Beit on his side Rhodes was not powerful enough, although one of the founders and Directors of the French Company was Jules Porges, Beit’s former chief and now an intimate business friend of his. With or without Porges, immense exertions and very considerable means were required to induce the French capitalists, who were not mere casual shareholders, to sell, and only a very high price could attract them sufficiently to dispose of their valuable holdings. Rhodes had to look for allies who would bring to the consideration of such a huge undertaking which was not altogether free from risk, not only understanding, but also the necessary millions. Perhaps in the very same words which Disraeli used when he intended to buy the Suez Canal shares, Rhodes may have thought that ‘there was only one firm that could do it –

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Rothschilds.' (But there was this very important difference: in the case of the Suez shares the British Empire was the guarantor; in the present deal the only cover consisted of shares quoted at very high prices.)

Since their confidential adviser E. G. de Crano³ had in his report expressed himself on the whole favourably, the House of Rothschild was inclined, if the opportunity should some day offer itself, to become interested in the Kimberley industry, and this frame of mind facilitated a *rapprochement*. Gardner Williams, General Manager of De Beers since 1887, was on friendly terms with de Crano and his partner Hamilton Smith, and to them he sent a detailed statement as to the present position and future plans, and asked them to put him in touch with Rothschilds.⁴ Rhodes in his optimism could not at all grasp the possibility that people in London might not be prepared to fall in with his proposals, and without awaiting Rothschild's reply he started for Europe.

He found the not easily stormed entrance gate to New Court wide open, nor was it necessary to go into lengthy negotiations. Rothschild was willing. Sir Carl Meyer,⁵ their chief representative, had already gone closely into Gardner Williams's report, and the way to the large shareholders of the French Company in Paris had also been smoothed. The decisive word was spoken after Rhodes and Williams had already taken their leave, and on going out Lord Rothschild said to de Crano: 'You may tell Mr. Rhodes that if he can buy the French Company I think I can raise the million pounds sterling.'

With the Rothschilds as partners, and with de Crano and Harry Mosenthal⁶ of the Exploration Company on his side, Rhodes's task in Paris was not particularly difficult, and he soon arrived at an understanding with the French group. A syndicate was formed (in August 1887) with N. M. Rothschild & Sons at the head, which advanced the sum of one million four hundred thousand pounds for

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the purchase of the French shares bought in Paris, and took up the new De Beers shares.⁷

From now on Rhodes had in the house of Rothschild a 'sometimes puzzled and anxious ally,' but an ally who willingly interested himself in any business which Rhodes proposed (but had no great opinion of the Chartered Company). Now, however, a rather peculiar group had been formed: Rhodes, supported by Rothschild and Beit, against Barney Barnato.

Although Rhodes might not have made any very great progress on the road to amalgamation, yet he had made a start. Barnato's position in the Kimberley Mine, which Rhodes with the French shares in his hand, controlled to the extent of one fifth, had been badly shaken, and in his rage – ever a bad adviser – he tried every expedient to defeat the transaction. At his instigation the Kimberley Central sent to the French shareholders an offer three hundred thousand pounds higher.

At this stage matters had already become critical, and personal negotiations, which had been dropped too long, were resumed.

Rhodes's old and often tried, though not very sympathetic method of leaving the word to the cheque-book made no impression on Barnato; at the same time he was clever enough not to pretend to be hurt by Rhodes's unreasonable demand, but quite calmly took a very matter-of-fact standpoint; 'if I could see that your scheme would be for the benefit of the shareholders in the French Company I would never have objected to it.' He maintained that Rhodes's offer to the people in Paris had been much too low; that the shares were of considerably higher value, and that therefore the Kimberley could without the slightest risk offer an appreciably better price; that he had no other reason; 'I cannot accept your offer.'

Rhodes was not put off so easily; he would of course

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have preferred to clear up matters with Barnato before the French people had time to raise any difficulties. He therefore put his offer into a more official, more businesslike form, and proposed to Barnato to compensate him by a cheque 'to cover all that you think you lose by allowing my offer to pass.' This also was refused by Barnato; he said that he personally was coming out very well in the deal, but that he was bound to think of the French Company's shareholders too, 'who have confided their interest to me.'

So it would seem that Rhodes after all had considerably underestimated his opponent; it was impossible to deal with him in this way. Barnato's conscience was sometimes somewhat peculiarly constructed and very original, but still it was a conscience, and we must have a certain amount of respect for the fidgety little man who, in spite of his 'bubble reputation,' was much better than he was said to be, and who conducted himself so ably during the amalgamation when he faced a man like Rhodes.

If Rhodes had not gone much farther to meet Barnato, he would have made a lasting enemy, and in view of the great aim before him, this had to be avoided at all costs. As to this his advice came from a quarter whose suggestions he could accept without demur; 'it is well known that behind Mr. Rhodes was a greater power who controlled his movements and from whose fertile brain emanated most of the ideas which were finally adopted and carried out.'⁸ That 'greater power,' the Rothschilds, had not acquired the French shares as an investment, but as a step towards amalgamation; they wanted to get on, and Rhodes therefore made Barnato the following proposal: on condition that he met no further opposition he was prepared 'to unite the purchased interest in the French Company with the Kimberley Central.' This looked like giving way, almost even like a defeat. — Rhodes went still farther; in payment for the French shares he would accept shares in

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the Kimberley Central. – This clever and far-seeing move, surely inspired by the ‘fertile brains’ of his friends, prepared the way for his coming victory. . . . Barnato and the Central accepted both proposals.⁹

The fight for shares and with shares had now entered upon another stage. – Rhodes held a considerable block of Central shares, which gave him roughly the same amount of influence as Barnato had formerly had in the French Mine: considerable, but not controlling. But the Kimberley Mine represented on the road to amalgamation much more than the French Company which was already merged in it, and constituted a strongly developed and broad combine. – Barnato ought to have been very careful and very wide awake. Only *one more* mistake, and his independence and his leading position in the Diamond Industry was endangered.

He made it.

The two big men now sat in the Kimberley Mine, and it might have been assumed that with the new partnership in this great aim the business relationship between the two concerns would also have improved. The exact opposite took place. Even more strongly than before the Kimberley people saw in De Beers merely the great enemy, the competitor who must be fought with every possible means.

The conflict had by now taken a shape destructive of all values, uneconomic, and even senseless. To the enormous loss of both sides the price of diamonds went lower and lower, nor did Rhodes’s menacing statement that he was in a position alone and with the complete exclusion of the Kimberley Mine to satisfy the world demand for the stone and to flood the market with more diamonds than it could absorb, have any effect. . . . Barnato continued to undercut.

If Rhodes had been alone, perhaps Barnato might have

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been able to force him to come to terms, but Rhodes with Rothschild at his side could not be beaten by such methods. He saw more clearly than ever before that he must extend his plans beyond amalgamation – to monopoly.

Now, however, Rhodes was bound to increase his holding of Kimberley shares to such an amount that he alone held the control. And it was necessary to act quickly, for valuable time was being lost. At every stage, from his rapid decision to go to London onward, he dealt blow on blow in rapid succession, for the idea of a monopoly was far from being Rhodes's monopoly, and there was the constant danger that at any time a third strong group might as *tertius gaudens* take a hand in a conflict which had already lasted far too long.

The struggle had entered upon its last stage, which became a race for the majority in the Kimberley Central. There were no big parcels of shares left – Rhodes or Barnato had long ago bought them up; only the shares in the open market were still in circulation. To buy these shares, in competition with Barnato, Rhodes required at least two million pounds, and when he asked Beit where he was to get this money from, he again received the reply that getting the shares was the most important thing; the money would come along by itself.¹⁰

At the same time as Rhodes, Barnato began to buy; to Kimberley, to London, to Paris went their orders, and in the fight for the majority Stock Exchange quotations went unconsidered. Just as in the sale of the stones Rhodes and Barnato had undercut each other, so they outbid each other for the shares.

But now it became evident that Rhodes and his friends – not merely the Rothschilds – were made of very different material from Barnato and his group. Rhodes and his friends had acquired the shares in order to possess them. Barnato, himself enormously speculatively inclined, had not been able to surround himself with serious reliable

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financiers – not being one himself. His group consisted of unreliable men anxious to get rich quick, who were unable in the long run to resist the attraction of higher and higher quotations. They fell, took a profit which does not come along every day – the quotations of the Kimberley Central had risen from fourteen to forty-nine pounds (March 1888) – and sold on the Stock Exchange, which was plainly selling to Rhodes. Barnato found himself in the awkward position of being compelled to buy back shares coming from his own camp. His defeat thus became merely a question of time – he was bound to give in.

At last war's turmoil was stilled, and the two opponents met at the conference table, Rhodes accompanied by Beit (and holding 10,600 out of the 17,700 Central shares). – Barnato had his nephew Woolf Joel with him.

Not much remained to be said about the amalgamation, and the financial arrangements also were soon agreed,¹¹ but the future management of the Company was another question altogether.

The Deed of Trust submitted by Rhodes seemed to Barnato unacceptable and impossible.¹² He was of course prepared to hand over his diamond company to another diamond company, but not to a concern which could acquire land, build railways, 'could do anything and everything.' For Barnato, the man of business pure and simple, the amalgamation was nothing but a vast financial transaction in which he wanted to make money, for himself and for his shareholders. Their interests must on no account be lost sight of, and their money must not be risked in experiments which appeared fantastic. Considerably more level headed than his opposite number, he desired that even in the future a Diamond Company should remain a Diamond Company, and should have nothing to do with politics.

But Rhodes was not merely a business man, he was in addition an idealist, although an exceedingly practical

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one, and he knew very well that thinking imperially was going to cost a very great deal of money. His intention was to enlist in the furtherance of his plans the enormous capital which, at present unorganised, would by means of the amalgamation be gathered into one whole, and the power which would be exercised by the coming combine.

No longer did the struggle lie between shares and shares – it now lay between world outlook and world outlook, and in this contest there could be no compromise; either the diamonds remained purely merchandise, or they would be polished into an imperialist weapon.

Day after day till far into the night Rhodes negotiated with Barnato at the conference table, and in the arm-chairs of the Kimberley Club: the fight over the world outlook looked like lasting for ever. – Then suddenly at four o'clock one morning in Dr. Jameson's cottage, where they had met eighteen hours before, Barnato's resistance was broken – he surrendered completely. Rhodes definitely insisted that the new Company must assist in the furtherance of his political plans. No imperialism – no amalgamation . . . and the latter was absolutely necessary to Barnato, for during the course of the struggle he had become the weaker party.

Barnato was no stickler to principles; good humouredly he made a virtue of necessity. 'Some people have a fancy to one thing, some to another. You want the means to go north, and I think we must give it to you.' In order not to lose all influence he demanded that the amalgamated company should be under the control of Life Governors, of whom he himself should be one, 'to guard against the adoption of any unwise policy.' – He became a Life Governor.¹³ His heart yearned to become a member of the Kimberley Club. – 'Let him have it.' His ambition made him want to play a political rôle as member of the Cape Parliament – Rhodes put him up and saw to it that he

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was elected. – He had attained his object and could afford to be liberal and large-minded.

Rhodes had no need to bother about the passing of his resolutions at the General Meeting of the De Beers; but he wanted more. Every 'shareholder should be thoroughly convinced,' and they 'should carry the amalgamation by an overwhelming majority.'

At the Annual Meeting on 12th May 1888 – Rhodes in the chair, Barnato among the shareholders – both surpassed themselves. – Barnato spoke full of humour and witty allusions ('no person knows better than I do as to the labour Mr. Rhodes had to convert me into the De Beers Mining Company. I can say that day after day and night after night Mr. Rhodes was labouring to get me to take De Beers for Centrals'), and when he had spoken for rather too long, more in the style of an after-dinner speaker, he cleverly found a way of ending: 'Perhaps I have already said a little more than I intended to say, when I first got up, but when once I am on my feet – really I do not know when to stop.'

Rhodes spoke to the point, in a manner fitted to the great occasion, and with dazzling rhetoric. With legitimate pride he was able to state that 'the value of this property . . . will be practically almost equal to the whole value of the Colony of the Cape of Good Hope. We have got an industry which is almost like a government within a government.' The speech carried its hearers with it to such an extent that Alfred Beit,¹⁴ who of course knew every detail of the facts related better than anyone else, was so fascinated by it that he had the feeling of a child who is listening to a fairy tale, 'as if I had never heard the story before.' (This opinion of Beit stamped the speech as a work of art.)

After the excitements of the great day which had brought fulfilment to both of them, Rhodes and Beit went for a

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sharp walk. Beit, the shorter of the two, was hard put to it to keep step with the quick-striding Rhodes; not a word was said, each was busy with his thoughts. Suddenly Rhodes turned round, 'and to-night they will talk it all over with their wives, and to-morrow they will all sell like hell.' And Rhodes, with his vast knowledge of men, was right in his forecast: in the course of a few weeks De Beers went down from forty-five to thirty-four pounds. — It is ever prospects only which bring about a rise and a boom; the accomplished fact has a sobering effect.

At the special meeting of the Kimberley Central matters did not pass off so smoothly — a minority protested against the fusion. According to its Memorandum of Association, they stated, the Company could only be merged into another with 'the same or similar purpose'; it could not be said of the concern to be formed that it had only 'similar purposes.' They claimed that they had read the Deed of Trust of the new Combine carefully, and 'were painfully conscious that the offspring of Mr. Rhodes's imagination was no such thing. Mr. Barnato himself had been sorely puzzled by the amazing trust deed on which Mr. Rhodes insisted. His keen, twinkling eyes saw nothing but the diamonds; Mr Rhodes's steady eye was directed to the Zambesi and beyond.'

The dissenting shareholders went to law, and the action of Phillips and others versus Central Diamond Mining Company was only finally disposed of before the Supreme Court.

When the Deed was read, one of the Judges made the sarcastic but cogent remark that 'it would be far shorter to tell us what the Company may *not* do'; Counsel for the opponents pointed out that 'they can do anything and everything. I suppose that since the time of the East India Company no company had such power as this.' It might even, if his interpretation of the Articles was correct, 'annex a portion of territory in Central Africa, raise and

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maintain a standing army, and undertake warlike operations. . . . The objects of the De Beers are unlimited.' On the plea that diamond mining formed only an 'insignificant portion of the powers which may be exercised by the Company,' the Court gave judgment for the plaintiffs.

The President of the Supreme Court was J. H. de Villiers (Lord de Villiers), as Judge and politician one of the strongest men in South Africa (more than twenty years later, in 1910, as President of the National Convention he led South Africa towards the Union). In his judgment he gently hinted that the amalgamation might be carried through in a different legal form, and Rhodes and Barnato acted on the suggestion: by means of their majority holding they put the Kimberley Central into liquidation and bought the assets from the Liquidator. On the 18th July 1889 Charles E. Nind ¹⁵ and G. W. Compton ¹⁶ (Directors) and W. H. Craven ¹⁷ (Secretary) of De Beers drew on the Kimberley Branch of the Cape of Good Hope Bank Limited a cheque in favour of the Liquidator of the Kimberley Central Diamond Mining Company Limited. — Its amount was for five millions three hundred and thirty-eight thousand six hundred and fifty pounds sterling.

With the drawing of this huge cheque — we shall not often look upon its like again — Rhodes's plan had become an accomplished fact, and the De Beers Consolidated Mines ¹⁸ had arisen.

Now, after the amalgamation,¹⁹ there remained outside only the 'poorer mines,' 'too poor to work, too rich to ignore' as Rhodes somewhat over-contemptuously called them, and which Barnato with easy adaptability referred to as 'hardly worth considering'; and yet it cost over two and a half million pounds to get possession of them. — From a purely financial point of view this was not a good investment, especially as the price of diamonds had fallen to fourteen

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shillings per carat. But the combine was bound to have them in order to be able to control the total output.

Rhodes began the negotiations with threats and hard words. He pointed out to the shareholders that their fate lay in their own hands; even with a price of fourteen shillings per carat it was still possible for De Beers to work at a profit. They themselves, on the other hand, 'would have to accept our offers or fight us on two grounds: larger output and lower rates.' – Almost without a struggle Dutoitspan ²⁰ and Bultfontein ²¹ Mines surrendered to him.

Thus nearly the total world production of diamonds – in fact, ninety per cent – had come into one hand, and the sale was effected through one channel. In addition to the amalgamation, the Diamond Syndicate was founded, which is now merged in the Diamond Corporation. ²² – By means of this organisation all figures relating to the diamond output have in the course of years grown artificial, for the output is regulated by the selling possibilities. The latter have for a long time been bad, and most of the South African Diamond Mines are at present idle.

Diamonds had been responsible for the birth of Kimberley and had made it great; the amalgamation robbed it of its vitality. In the wild days of its youth it was 'humming with speculation, business and movement,' and by the early nineties it had become 'the essence of sleepy respectability and visible prosperity.'²³

Henceforth the centre of South Africa lay in Johannesburg, its key in the Rand.

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‘MY brother is a strange man. We were young chaps together and there wasn’t too much money or too many things among us. One day Cecil came and asked me to let him have one of my shirts, as he wanted to go to an evening party in London. Well, I wanted the shirt myself that evening, and I told him he couldn’t have it. He said nothing, but I knew he didn’t like losing a chance, so I watched him. I saw him off to the train. He had neither the shirt on him nor had he bag and baggage with him; but I thought that I’d go to the drawer and just make sure of my shirt. It was gone! Cecil came back that night. “Well, Cecil,” I said, “you won over that shirt of mine; but just tell me how you did it, for it wasn’t on you when you left here, and you had no parcel with you. What did you do with it?” – He chuckled a little, and said dryly, “I put it on under the old one.” Now, that’s Cecil.’¹

The young man who, even before those spring days in Kimberley, was able without any scruple to appropriate his brother’s shirt when it was a question of not losing a chance, would, as M.A., Prime Minister, P.C., and D.C.L. – that is the sequence in which he acquired his distinctions – have been capable, if it had been necessary, and with the same effrontery to repeat the trick, and with the one hand to have given a vast sum to a charity and with the other to annex his brother’s shirt. His whole life long he remained ‘a bundle of inconsistencies’ – in his manner, in his inner being, and – in his features. Rhodes, from an old-fashioned Vicarage in Bishop Stortford, whose an-

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cestors had been cowkeepers, brickmakers, farmers and finally landowners, came in the course of years to look more and more as if he belonged to a family which for generations had been connected with commerce. He found a secret joy in confusing people by a sudden statement of boundless plans, in impressing them under a mask of abrupt rudeness, and it pleased him to have the reputation of standing outside the rules of orthodox social behaviour. The studious young man of good family was sometimes more than 'blunt' in his conversation, and many of his remarks came perilously near being *faux pas*, which he always regretted when he saw that under cover of his mask he had gone too far. In spite of his ruthlessness in politics and in business, it would be utterly wrong to think that Rhodes was unfeeling. He concealed a very good heart—he was even 'crammed with sentiment'—behind a wall of callousness which he himself had erected.—In the train going north, his companion Gordon Le Sueur² received at Vryburg a telegram announcing Barnato's death; it was late at night, and the considerate young man waited till the next morning before passing on the information. Furiously Rhodes snapped at him: 'I suppose you thought this would affect me and I should not sleep. Why, do you imagine that I should be in the least affected if you were to fall under the wheels of this train?' This callous remark does not altogether fit in with the man who dropped a business matter which might perhaps have developed into the greatest of his life, in order to hasten to the death-bed of a friend; who without being in any way bound to do so made a generous gift³ to the widow of the man whose death would not have 'in the least affected him'; who was upset for days afterwards because he had killed a zebra. The callous remark was a pose: Rhodes did not want to be looked upon as soft-hearted.—It was one of the many contradictions in this Empire-maker and

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business man – perhaps this combination itself being the greatest contradiction of all – that whilst in South Africa he was a landowner on a large scale, had houses and farms, yet in London, where he stayed frequently and for long periods, and where he financed his businesses and negotiated with the ‘imperial factor,’ the Government, he had no home of his own, but always put up at the Burlington Hotel. (Not till his later years did he acquire Dalham Hall as a country house in England, and Denham near Newmarket.)

As ‘a lean, lanky, loose-limbed youth’ of seventeen, this enigmatic man had in 1870 come to South Africa, where his elder brother Herbert, a particularly strong and healthy man, full of love of adventure, sport and life in the open air, had already made some position for himself in Natal. ‘A little band of gentleman adventurers’ had formed around him, ready to undertake anything which suited their thirst for activity and in which they could make money. Cecil joined them, and his first business experience was gained in crop growing. This was not a specially easy job, with caterpillars and wireworms as enemy, but all obstacles in those days were ‘beaten off’ – later on, when human beings got in his way they were ‘bought off’ – and when a prize was won at the local Agricultural Show, success seemed to be assured. But it was only a false dawn; water dried up, and operations had to be suspended. – This interlude constituted the whole of Cecil’s short apprenticeship; although he had not learnt the workmanlike routine of a business undertaking, yet he had found out that with energy it is possible to surmount obstacles, and when later on, in his widespread plans people tried to draw his attention to apparently insurmountable difficulties, he pushed all objections on one side with the words, ‘They told me also I couldn’t grow cotton.’

Herbert and his little band of course at once retraced



CECIL RHODES

Vanity Fair

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their steps when in the course of a hunting expedition to the north they heard that diamonds had been found; they exchanged the gun and rifle for the pick and shovel, and became diggers. Cecil, left behind in Natal, was immediately informed, and after a journey of four hundred miles by ox-cart he arrived at Colesberg Kopje, the future Kimberley, in October 1871.

The circle round Herbert and Cecil grew in numbers; a third brother, Frank,⁴ a soldier, had joined them; he was serving in Egypt and India and spent his leave regularly in South Africa till he entered the service of the Chartered Company; another was John X. Merriman who, like Rhodes, was to become Prime Minister of Cape Colony, and Charles Dunell Rudd,⁵ former champion hurdler at Harrow, and later Rhodes's partner.

Herbert could not long put up with Kimberley, where the spirit of adventure had departed in favour of a more settled life, and so the very valuable claims of the three brothers came under the sole management of Cecil. During the following nine years he not only managed to study in Oxford and take his degree—he subsequently acknowledged the hospitality of Oriel College by a gift of a hundred thousand pounds—and to be elected a member of the Cape Parliament, but in addition he looked with considerable efficiency after the claims entrusted to his care.

One of his earliest ventures in Kimberley was a small steam-engine which he had obtained from Port Elizabeth, and whose six horse-power was of the most varied activity—the ice-cream manufactured by it did a roaring trade. When a thunderstorm broke over Kimberley and a diamond pit was flooded, Rhodes contracted to pump it out for about a thousand pounds, and as fortune ever favours the intelligent and capable man, the pit was drowned out again, and as there was no other steam-engine in Kimberley, the work had to be done anew—under a

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fresh contract. This six horse-power laid the foundation of Rhodes's fortune.

In Rudd, nine years older than himself, Rhodes had a partner to whom he could safely entrust the management of his affairs in Kimberley, and untroubled by cares, the young diamond-digger went to Oxford, there to seek for a widely different kind of treasure; this also was to be of help to him on his way to power.

There is much charm in the letters which the young student sent from the shores of Isis to his partner on the Vaal River. Accounts of students' experiences and studies are followed without a break by inquiries and suggestions about diamonds and financial matters. Never was Rhodes so young and so unproblematic as he was in those letters; he had always been a great reader, but now his reading became systematic; books on history – Gibbon, Carlyle, Froude – occupied the front rank, together with biographies of great men; it is not surprising that he was greatly interested in the life of Napoleon, and when later he installed an extensive library at Groote Schur, it included a vast collection of books on Napoleon. Shortly after the Jameson Raid he was asked one day what he would do to occupy his time while in prison: 'There are a lot of books I have been wanting to read for many years now without having an opportunity of doing so,' was the reply.

Rhodes was not always an uncompromising 'Arch-Imperialist'; in his Oxford days he toyed with the idea of a kind of United States, and for purely South African affairs he even desired the 'elimination of the Imperial Factor,' so that he for a time had to put up with the reproach of being 'pro-Dutch.' The change in his views, which eventually aimed at a union of all South African States under Anglo-Saxon leadership, came but gradually.

His idea of an expansion towards the north began to crystallise earlier, when (1885) he proposed that Cape

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Colony should annex Bechuanaland in order to turn it into a 'Suez Canal of South Africa'; the project came to nothing and was not revived in that form. As long as the Boers had an open road to the north, there remained to them the hope that, if matters came to the worst, they could again trek farther out so as to escape from English tutelage. Anyone who barred that road was bound to be looked upon by Kruger as his enemy, and Rhodes made the possibility of a trek farther north utterly impossible when he founded his Chartered Company – the Boers were surrounded.⁶

Sooner or later the question would have to be settled once and for all, but a further delay arose, for an event happened which occupied all minds to the exclusion of everything else – first in South Africa, then in England (and finally in the whole world): gold had been discovered on the Rand.

Gold on the Rand had never entered into Rhodes's calculations; it formed no link in his vast chain which stretched from Cape Town by way of the Zambesi to 'Cairo. Although he was not easily surprised, yet even he was caught out by the finds, and when the mines grew bigger, he did not know how to face them, how to fit himself and his vast plans into the totally altered scheme of things. For the negligible Transvaal had overnight become a very important State which would have to be reckoned with. Rhodes, generally 'the high-priest of optimism,' was not anxious to take a hand in the Transvaal. He did send Dr. Hans Sauer – like Jameson a medical man – to the new mines, but in spite of Sauer's enthusiasm Rhodes and Rudd remained sceptical; both lacked inner conviction. Rudd, in a fit of petty economy, had said that it was an 'extravagance' on the part of Sauer to pay twenty-five to thirty pounds for the right of pre-emption on claims, and had refused to reimburse the outlay. – Sauer reported on his mission to the Rand to

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Rhodes at the edge of a huge crater in the diamond mines which yielded a view of the vast digging. Rhodes pointed to this: 'Well, I cannot see there what I can see here.' – Sauer replied that of course gold deposits differed from diamond deposits in that they were out of sight. – 'No. Not that. I cannot see the same thing,' answered Rhodes. Dr. Sauer still did not understand what the Chief was really driving at, so he asked the question, 'Well, what do you see here?' and he received the truly Rhodesian reply, 'Power.'

Curiously constituted as he was, Rhodes looked on gold as a gamble, on diamonds as a certainty. 'The diamond requirements,' he argued, 'are dependent on the spending capability of the young men of the whole world who buy engagement rings, and I estimate these requirements at four million pounds a year.' – In arguing thus Rhodes made two curious miscalculations; the available cash of young men may one day run short – and it has run exceedingly short; the gold requirements, on the other hand, are unlimited and the price is stable,⁷ whilst the price of diamonds might fall – and it has fallen very considerably. – It is difficult to follow the trend of Rhodes's thoughts in those days; on other occasions he had shown more energy and greater foresight; the chance of acquiring the control on the Rand which he held at Kimberley was missed.

Rhodes's disinclination to go into the new venture was accentuated by bad advice. The best experts, the geologists of the whole world, were united in the view that the Rand had no great future, and that the money invested in the new undertakings was bound to be lost in the long run. Gardner Williams also was prejudiced against the new goldfields; when Harry Struben had erected his first five-stamp battery at Wilgespruit and had begun to crush quartz, he had written to ask Williams to come and have a look at the work, so that he might be able

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to revise his opinion 'that there was no payable goldfield in S.A.' But Williams, far too much of the expert and far too theoretically inclined, lacked the long view into unforeseeable possibilities; from the point of view of the technician also he was of course quite right when he said that the Rand was a 'ten pennyweight proposition' – but he overlooked the fact that in the case of gold deposits of such vastness even a ten pennyweight average might yield enormous profits. The technical methods also did not seem to Williams to be sufficiently advanced to enable all the gold to be extracted from the quartz, for nearly half of the valuable metal remained in the 'tailings'. But the half which could be extracted was quite sufficient to enable a dazzling profit to be obtained from the good mines, even before the introduction of improved methods by means of which the tailings became less and less. And so Rhodes decided that he would not go down to the Rand.

Less from enthusiasm than from the feeling that after all it was perhaps not quite the thing to let matters slide altogether, a Syndicate was eventually formed under Rhodes's chairmanship for which Sauer was again instructed to acquire mining rights, and finally Rhodes decided to go to the Rand himself. With his customary acuteness he saw at once that the obsolete regulation, according to which no person could own more than a limited number of claims, and the other which decreed that claims might neither be sold nor be transferred, would have to be cancelled. At an interview between Rhodes and Kruger on the 21st August 1886, the President was induced without over-much difficulty to consent to the cancellation, for he himself would rather deal with a few big undertakings than with numberless individual diggers.

Dr. Sauer had acquired several fresh opinions and the preliminary negotiations were proceeding when news

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was received in Johannesburg of the serious illness of Neville Pickering.⁸ Rhodes, who was really deeply attached to the young man, to such an extent indeed that his second will made in 1882 consisted merely of the words: 'I, Cecil John Rhodes, being of sound mind, leave my worldly wealth to N. E. Pickering,' dropped everything and hurried to Kimberley.

This fine action, this quite unusual sentiment, cost him a fortune. For the sum of five hundred pounds Sauer had secured an option on the farm of Hans Duplessis, which produced gold to the value of twenty-one million pounds; he had paid two hundred and fifty pounds for an option on Doornfontein, at the time little more than a desert, but three years later a tract in the township of Johannesburg which according to the municipal valuation was of the value of three million pounds. — But big business will not brook either delay or sentiment, and the priceless options selected by Sauer had long expired and the properties passed into other hands, when negotiations were resumed. In the end a few Companies were floated, but nothing really great, nothing worthy of a Rhodes. For the second time he had thrown away his trump cards on the Rand.

When, however, Rhodes realised his fundamental error, when events had proved that the amateurs were right who from the very first had been convinced that the gold-bearing conglomerate went to a depth of thousands of feet — then, *Rhodes supra grammaticos*, disregarded his experts completely and, fired with enthusiasm, took hold of things himself, to him the Rand suddenly became 'the biggest thing the world has seen.'

By now the farmers and landowners had also come to appreciate the position; rights such as Sauer had once been able to secure no longer existed, and the cream had long ago been skimmed off by others; in spite of all these drawbacks Rhodes and his associates formed if

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not the most powerful, yet one of the biggest mining groups on the Rand, the Gold Fields of South Africa.⁹

The formation was carried out in a truly Rhodesian manner – on broad lines and without consideration for others; he had learnt a lesson from the opposition which was just beginning to make itself felt to the De Beers Trust Deed, and from the start the objects of the Gold Fields included some which went far beyond those of a gold-mining company proper; the Articles of Association of the new Company were framed in such a manner that its funds could be invested in undertakings of any kind, and the mode of their investment was determined by Rhodes. Thus it came about that the Gold Fields not only held a considerable block of shares in De Beers, but also subscribed one-fifth (two hundred thousand pounds) of the initial capital of the Chartered Company (this latter investment, however, did not turn out a particularly profitable one for the shareholders in the Gold Fields, for it was not until five and thirty years after its formation that the Chartered Company paid a maiden dividend amounting to sixpence per share. . . .¹⁰). In one other respect Rhodes showed in the formation of the Gold Fields the grand manner of the ‘superb adventurer’;¹¹ for himself (and his partner Rudd) he reserved a share of the net profits; two-fifteenths he drew as Managing Director, and three-fifteenths he received by reason of the Founder’s shares which were surrendered in 1896 against the allotment of a hundred thousand ordinary shares, the latter being at the time worth, on a conservative estimate, one million pounds.

A year after the formation of the Gold Fields, the amalgamation of De Beers was also carried through after lengthy and wearisome negotiations. Rhodes was now a very rich man, with a princely income at his disposal. . . .

Even if he looked upon money only as a means to an end, yet as a business man Rhodes ought really to have

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learnt to deal with money in a business-like way. But here also appeared the enigmatic nature of the man who could be fitted into no pattern, to whom no ordinary rules applied. That he never carried any ready cash may have been merely a fad, though it ludicrously often compelled him to borrow from his companions, and in his carelessness he painfully often forgot to repay. But then neither did he ever expect to be repaid anything. He gave away and lent large sums, but without any system, and with charity, which he despised, and called 'philanthropy plus five per cent' he refused to have anything to do. When on one occasion a man actually repaid him four hundred pounds (the borrower was not at all a wealthy man) Rhodes simply could not understand it; 'the bloody fool's paid me back. What did he want to pay me back for?' But the facts themselves speak much louder than these trifles; in the years following the formation of the Gold Fields Rhodes had an enormous annual income, which in 1896, when De Beers paid forty-two per cent and Gold Fields one hundred and twenty-five per cent, dividends, *cannot* have been much short of five hundred thousand pounds. He lived in a good style, but without any luxury, and on a reliable estimate did not use a thousand a year for his purely personal expenses. In spite of all this in some years it was only for three months out of the twelve, when commissions and dividends had been paid in, that Rhodes had a credit balance at his bank and on some occasions he had to pay two thousand five hundred pounds a year interest on his overdraft. The man who knew so excellently well how a big company must be organised, who had the ability and the energy required for the foundation and constitution of a new State, did not know how to keep his own finances in order. Sums were disposed of before they were received, and for his own affairs he kept no proper books nor employed a permanent secretariat. — Particular care is necessary when repeating

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anecdotes of a time so rich in them as South Africa in its early days; but there is no need to doubt the truth of the story that one day Rhodes went to see Beit with a mass of bits of paper and statements in his hand, saying: 'Here, you understand figures. Tell me how much I am worth.'

When urgent unforeseen payments had to be made for one of the ever impecunious northern Companies, then the funds of De Beers or the Gold Fields, or both, were used for his schemes as if the Companies were his own personal property. Sometimes his fellow directors on the Board had to decide between their clear and unambiguous duty to the Companies and their affection *for* Rhodes—added to which came their dependence *on* him. Sir David Harris,¹² for instance, who had served in many of the Colonial wars, and was therefore not unaccustomed to surprises, happened on one occasion to be the only De Beers director present in Kimberley, and found himself in the extremely painful position of being compelled, as quickly as possible, and without having the time to get in even telegraphic touch with his colleagues, to remit two hundred and twenty thousand pounds to the bank in order that it should not refuse to honour cheques drawn by the Chartered.

Owing to these peculiar methods of financing, Rhodes found himself in all sorts of unpleasant situations. Evidence obtained after the Jameson Raid proved that the preparations for that political adventure had been paid by means of cheques which Rhodes had drawn on the usually so impecunious Chartered Company. On his examination before the Commission he just managed to prove that he had at that time a credit balance with that Company due to a loan which he had at some previous period made to it; the Chartered Company had therefore paid, not out of its own funds, but on account of Rhodes. The responsibility for the Raid had to be laid

on Rhodes's shoulders; he could not possibly saddle the Government with such a failure. After those catastrophic days – 'it was a very black time, everyone was howling' – the readiness of the Companies to come to his assistance financially came to a stop; his co-directors showed greater prudence – or less timidity – and Rhodes groaned that 'De Beers and the Gold Fields would not give me any money.'

Without money nothing could be done; a use could always be found for it, and how a man could be so foolish as to refuse it when it was offered him, went beyond Rhodes's comprehension. This piece of folly had been committed by Gordon, who in other ways had much in common with Rhodes – absolute self-confidence, the conviction that the way he was going was the right one, and the idea that the advice of others was not worth much. The two had met in 1882 after the Basuto War and became great friends, but Rhodes's good opinion of Gordon received a great shock when the latter told him that from moral (and probably also religious) objections he had refused the offer of 'a roomful of gold' from the Chinese Government. Rhodes would hardly have suffered from such inhibitions.

Gordon explained to Rhodes his plans for expansion in North Africa, but had made no very great impression, and it was on the occasion of this conversation that the words were spoken which really formed the leit-motiv of Rhodes's life: 'It is of no use to us to have big ideas, if we have not the money to carry them out.'

Every man with any imagination *can* have ideas, for they are as plentiful as blackberries (it is only good ideas that are rare and therefore valuable). Every business man *must* – at any rate from time to time – have ideas, and if he has not the gift occasionally to provide his undertaking with successful ideas, he will soon be left high and dry. Hence Rhodes's other dictum, that he always tried 'to combine the commercial with the imaginative,' lacks

the originality which we are accustomed to find in his sayings. . . . The turning of ideas into practice requires money, and the carrying through of the practice requires still more. 'Big ideas must have big money behind them,' he stressed again and again, and he thoroughly despised plans which existed in theory only. Even he, the Titan of whom Mark Twain coined the phrase that 'when he stood upon the Cape Peninsula his shadow fell on the Zambesi,' did not always find it easy to raise the money necessary to carry on his vast undertakings, frequently he had urgently to *beg* for money and could not *command* it. He was really always in need of it, and the amount actually required was ever greater than the sum with which he had thought he could manage. Digging for gold and diamonds required money before results appeared, and building railways and telegraphs through the wilderness and waging war with the Natives cost enormous sums. The need for money was most urgent and most painful when the interest on the Chartered Company's debentures fell due, for the bondholders were not bound to practise the noble virtue of patience in which the shareholders had been so well trained.

With the same gusto with which he carried through the formation of the Chartered Company, whose only substratum was in fact imagination, and of the Gold Fields, he took up everything which attracted first his fancy,¹³ then his business instincts. Just as a creative artist can find no rest until he has given his inward thought an outward shape, so a business man of genius cannot leave any medium within his range untried until he has turned his ideas into practice, has transformed them into an undertaking which will yield results. Rhodes, the arch-merchant (perhaps even more than the 'arch-Imperialist'), was, like the huntsman, of the opinion that obstacles exist only in order to be surmounted. . . . When it occurred to him that it might be good for the

country, and eventually also profitable, to grow fruit on a large scale in South Africa, he attacked this plan in the true Rhodesian manner. Small experiments, trial farms did not suit his temperament of his love of adventure. — He sent for *the* man of whom he had heard that he had great experience of the methods of fruit growing in California, and who was looked upon as an authority on his subject — a certain H. E. V. Pickstone. Rhodes asked him a few questions, amongst others whether Drakenstein was, as he had heard, suitable for fruit growing. Pickstone having answered in the affirmative, Rhodes thought that he had closed the conversation when he uttered the short peremptory instructions ‘to buy it for me.’ Pickstone, a small grower who had made his way, prudent, and not accustomed to do business in this manner, raised objections and pointed out that it was very good soil and would therefore be very expensive; he wanted to know exactly how much he was to buy and how much he might spend. — Rhodes’s only reply was a curt ‘Buy it all.’ Such instructions confused and even horrified Pickstone: ‘All! That is impossible. Many owners won’t sell. Besides, all the Drakenstein Valley — Good Lord, it would cost a million to buy that!’ to which Rhodes replied, ‘I do not ask your advice; I want you to buy it.’ Pickstone probably wondered what to make of such a customer — but he bought what he could get. Four years later one hundred and fifty thousand fruit trees were standing on ‘Rhodes Fruit Farms,’¹⁴ and when the question of export arose, the ‘Big Chief’ sent for sorters and packers from America.

In spite of his genius in grasping a business, he did not understand anything of the technique of business. He could think in millions, but yet with all his power he often was unable to procure them, and still more often was unable to make the best of them. But he had the knowledge of human nature and the ability to find a

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friend who was to prove a genius in the realm of finance and who grew to be a star of the first magnitude on the European firmament, and with that friend he entered into a partnership which was never clearly defined and ever remained unwritten.

The strong personality of Alfred Beit was a twofold blessing to Rhodes. To the occasionally too far-reaching schemes which had their birth in Rhodes's imagination he gave practical shape, commercial basis, and the definite form which was able to face the criticisms of the money market; it was Beit who made Rhodes's ideas marketable for the Stock Exchange. — At the same time he was in a position to help in raising the enormous sums which were sometimes required. Beit became very wealthy — wealthier than Rhodes, and there is no doubt that in the City his credit was greater. Rhodes's name on a prospectus was an attraction — Beit knew how to influence the *haute finance* and the serious investor.

They met in the very early Kimberley days — William P. Taylor had introduced them to each other — and from those times on Rhodes relied more and more on Beit in questions of finance. 'Ask little Alfred,' was his frequent reply to questions which he could not — or did not want to — answer. In an after-dinner talk — at this hour Rhodes was ever in his most talkative and it might almost be said in his most human mood — he said on one occasion, 'In finance we have Beit. There is no one who can approach him in that line. He is always cautious, always level-headed,' and he even added, 'and never makes a mistake.' (But the latter was an exaggeration!)

Without Beit Rhodes might possibly have remained a political visionary; with Beit at his side as helper and collaborator he was able to carry out his vast projects. And yet Beit also was an idealist — no optimist is entirely without idealism — and to such an extent that he himself often stood in need of a guiding and restraining hand.

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It is curious that in Beit's sensational career his partner Wernher took almost the same part of the faithful counsellor which Beit had assumed in Rhodes's life – which goes once more to prove that it is easier to advise others rightly than oneself. – Lionel Phillips, who saw this chain of influence, this mutual play of advice, from the inside, has stated, 'Rhodes could never have achieved what he did at Kimberley nor in Rhodesia without Beit, and Beit in turn might have landed himself in terrible financial troubles but for the wise head, the cool judgment and the clear vision of Wernher. Rhodes's relations with Beit were those of affectionate comradeship; but Wernher he respected. It was not for many that he felt in this way.'

Rhodes, whose place in history is not yet defined, had enthusiastic and devoted friends, and relentless and irreconcilable enemies. Sir William Harcourt was among those who had a very poor opinion of him and did not hide it, either in cross-examination after the Raid, or in his private conversation: 'Reasonable man!' he said on one occasion of Rhodes; 'he is so easily satisfied! All he asks us to do is to give up Free Trade and to restore Slavery.' Another time (on the 21st June 1896) he wrote (to Chamberlain), 'As long as Rhodes remains as Managing Director (of the Chartered Company) there can be no peace in S.A.' The result of this was that Rhodes was deposed from his office, but peace in South Africa was further off than ever.

Wilfrid Scawen Blunt, who had caused the Government much heartburning both in Ireland and in Egypt, and who had now developed into a pronounced pro-Boer, always found a particular joy in recording in his Diaries any derogatory remark he might have heard about Rhodes, nor did he in any way conceal his own opinions. When (in 1896) the Matabele Rising took place, Blunt observed: 'I wish the Matabele all possible good fortune, and trust

they may capture Rhodes.' . . . And the Jameson Raid led to the entry, 'I hope devoutly he may be hanged,' in which wish he also included the Doctor. It was probably due to Blunt's influence that in 1895, by which time Rhodes was a P.C., he was blackballed at the Travellers' Club – but he was immediately afterwards elected to the Athenæum.¹⁵ . . . After a luncheon at Malwood (on the 2nd November 1899) Harcourt confided to Blunt that Rhodes was 'an astonishing rogue and liar, but occasionally blurted out truths which other rogues would hide, and he had boasted how he bought up everybody by putting them into good things on the Stock Exchange.'

To be quite brief, Harcourt was right in this statement, and Blunt did not record anything unknown, whether he was speaking of thirty years ago or of the present day.

It is not possible here to go closely into the interesting question of where in the hurry and scurry of business life the line is to be drawn within which the end justifies the means. But we must at least try to explain the weaknesses of a great man. It is possible in the colourful mosaic which forms Rhodes's life to put the dark stones in such a light that they seem not quite so black, for – even if the jurist does not agree – a guilt that is shared is but half a guilt. We must take into consideration the special circumstances of a period when speculation was rampant, when everybody pushed himself forward to snaffle his share of the gold which flowed in such streams and of the diamonds which glittered so temptingly. In those days many, who hardly knew before what was meant by the words 'account' and 'carry-over,' hastened to the Stock Exchange on the advice of others better informed, did business and bought shares – with other people's money. (The younger Dumas, when asked what was business, replied, 'C'est bien simple: c'est l'argent des autres') . . . Must those be specially blamed who received the so ardently desired information not from a demi-

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god but from the very highest oracle, and is he specially guilty who was too free with his tips at a time when silence would have been the better part of discretion? It is more blessed to give than to receive, but no tribunal has yet decided the question whether it is more wicked to offer gifts in the expectation of a valuable return, or to accept them – to put another on to a good thing or to be put on to a good thing. And how many were there really who could look into their hearts and say that they were free from guilt and stain and had kept their souls pure? There were, to put it bluntly, many sinners among those who make their appearance in the pages of this book. – But to this extent – and only to this extent – they were more careful than Rhodes: they did not boast when they made gifts so that the other should make returns; they did not ‘blurt out truths.’

One of the many reproaches levelled at Rhodes is that he used ‘questionable methods’ to induce Barney Barnato to desist from his strong opposition to the De Beers amalgamation, in that he helped him to become a member of the Kimberley Club and to be elected to the Legislative Assembly.

The facts are these: Every day during the frequent negotiations, which often lasted for weeks, Rhodes, in order not to lose valuable time, had taken Barnato and his nephew Woolf Joel to the Club to lunch. If Barnato, who was more admired than respected, had in those days any reputation at all, it was a mere ‘bubble reputation,’ and some of the members were displeased at his frequent appearances at the Club; a suggestion was made that the Rules should be altered so that a non-member might only take one meal monthly at the Club; Rhodes took care that this should not be carried, and on his introduction Barnato was made a member. Further: Barnato was put up by Rhodes for the Legislative Assembly and was elected, and from the start was much esteemed and

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liked. His speeches were always amusing, witty, and never boring, and it is difficult to see what more could be expected of Parliamentary speeches. He was an ardent patriot, and in the days following the Jameson Raid he behaved exceedingly well, which is more than can be said of all of the other mining lords, the great majority of whom had belonged to the very exclusive Kimberley Club. . . . But quite apart from this Barnato was much too intelligent to give up his opposition for two favours.

And what did the two main actors themselves think of this 'struggle with questionable methods'? Rhodes did not consider the granting of Barnato's two desires as a question of business morals at all. 'Barney wants to be a Member of Parliament and a member of the Kimberley Club; God knows why; but if he wants it let him have it. It is surely a small thing compared with the success of the amalgamation.' – That was Rhodes's view.

Barnato had taken the quite obvious standpoint that the object of two amalgamated Diamond Companies should be only to produce and sell diamonds, and not to finance Imperialist expansion. But whether he got into Club and Parliament or not, he was compelled to give in because Rhodes's reasons were stronger and his power greater. Entirely matter-of-fact himself, he did not think overmuch of the expedition to the north, but 'After all, every man has got a fad; this is Rhodes's fad; it will please him. Let him have it.' – That was Barnato's view.

Rhodes died very young; not one of his many photographs gives the idea that he only reached the age of forty-eight.¹⁶ He was thirty-seven (1890) when he was at his height; he had full control of the diamond industry, owned large interests on the Rand, the Prospectus of his Chartered Company had included the name of the Duke of Fife, the son-in-law of the future King, nor were the other Directors men of no importance;¹⁷ the Company had begun its march to the north, the Union Jack already

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floated over Mashonaland, and in addition Rhodes had just become Prime Minister of Cape Colony. – Enormous power was held by his hand – financial as well as political. In London it was ‘the thing’ to lionise him; in South Africa he was personally held in such esteem, and was so popular that, although his Imperialism had become more and more obvious (and the dreams of a race union had long given place to the more practical dream of a race ascendancy) he still represented a constituency which was predominantly Dutch.

Once more the pageant blossomed forth into a magnificent spectacle – when the question came up of giving one name to the four great territories of Mashonaland, Matabeleland, Barotseland and Central Africa. Jameson had spoken of a Charterland, Rhodes of Zambesia, and even the somewhat fanciful sounding Cecilia had been considered. But ready compliance was given to the wish of the settlers, who were anxious to give expression to their affection for their founder, and by proclamation formal authority was granted henceforth to call the country Rhodesia.

This was in 1895, on the 29th December of which year Jameson made his Raid.

Things had not been particularly happy for Rhodes in the earlier part of that year. Germany, and also France, had raised difficulties, and the project of a railway through the Congo and farther on to the north had to be abandoned; the negotiations with Portugal for the purchase of Delagoa Bay had failed, and this time definitely,¹⁸ and the hoped for and constantly promised ‘New Rand’ had not materialised either in Matabeleland or in Mashonaland; the report of John Hays Hammond, the Consulting Engineer of the Gold Fields, was very depressing, and it was in vain that Chartered shares had risen to eight pounds. Rhodes was desperate, so desperate that when a shareholder had complained very much to the

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point of the poor prospects, Rhodes advised him to sell his shares 'if he only wanted money.' Such a thoughtless remark might have cost a smaller man his place on the Board; only deep unrest and irritation can account for it.

It was no longer the sun of Kimberley which shone on Rhodes; nor did it look as if it would ever shine again. Rhodes was obsessed with heavy worries, and a man suffering from such a state of mind cannot give good advice to others.

Round about this time people on the Rand had come to the conclusion that things could not go on as they were – that something was bound to happen in the end. It is true that the one-pound shares of the Rand Mines stood at forty-five, those of the Gold Fields at twenty, having paid a dividend of one hundred and twenty per cent; the shareholders of the Durban-Roodeport might well be satisfied with a distribution of seventy, those of the Ferreira Gold with one of one hundred and fifteen per cent. It was not from this side that complaints came, and they had every reason to be well pleased. Up to a certain point the mining community was undoubtedly justified in claiming that this immense success should speak in their favour in their fight for equal civic rights – but only up to a certain point. Some of the Boards, however, suffered too strongly from the idea that commercial success – in a foreign country – should be exploited to obtain political concessions – a very small section of the great question of Politics and Business.

Whatever may have been the main motive in those days for the hasty act, both the real and the artificial dissatisfaction on the Rand had reached its height at the same time as the boom, and just then Lionel Phillips, the President of the Chamber of Mines which was the clearing house for all grievances, called on Rhodes who, up till then, had been almighty in South Africa. With great

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caution Phillips had first inquired from the senior partner Beit whether it was possible to trust the great man in all circumstances, because if he refused to come in, it might be dangerous that so influential a man should be *au fait* with matters, and perhaps the Uitlander grievances were no more to him than Hekuba. Such apprehensions, however, proved to be unfounded, the dissatisfaction came in the nick of time for Rhodes, and Phillips found an only too ready ear with Rhodes, who agreed to the plan that 'something would have to be done,' without for the moment coming to any more detailed arrangement.

Originally sceptical as to the possibilities of the Rand, Rhodes had long ago recognised that he had been mistaken, and that its soil gave forth not only wealth which he gathered by means of his Gold Fields, but also the thing which he desired most of all – power. Johannesburg was well worth a Mass, a slight conflict with his conscience and a greater one with Downing Street, and a compromise with his loyalty to three countries at once. The key to South Africa now lay in Johannesburg; he had proceeded more cautiously when eight years previous, by means of the French Company, the key to the De Beers came into his hands. And now there was much more at stake. Perhaps at first he only toyed with the idea, and then became so bewitched with the enchanting picture that he found no way back from the mental impasse. In other days he had been more adroit in weighing risks against the profit to be gained.

Not just some raid or other was carried out – a successful one might in the end have been forgiven – but the wretched clumsy Jameson Raid. It became the tragic turning point in Rhodes's life. – First of all he had formed a wrong estimate of Johannesburg and undervalued it; when he wanted it and tried to incorporate it into his plans in his own way, he failed. And he failed far and away beyond the failure of the adventure itself.

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Immediately after the disaster Rhodes had gone to London 'to face the music,' as he himself coolly expressed it, but inwardly full of worry. His friends were in gaol, and the Charter was seriously endangered, for whatever judgment might eventually be passed, one responsibility remained on his shoulders: the forces of the Company had been illegally employed. Before leaving South Africa he had had an excited talk with Jan Hofmeyr, the leader of the Dutch Bond Party, and had asked him, 'What am I to do? Live it down? How can I do it? Am I to get rid of myself?' – Rhetorical questions to which no one could give an answer. Nor was Rhodes himself able to jump over his own shadow.

The consequences of the disaster had to be borne by him; he resigned his Premiership, and placed his resignation as Managing Director of the Chartered Company in the hands of the Board which 'on its own initiative' had brought forward – had been forced to bring forward – a motion 'to institute a full inquiry into the circumstances attending the incursion of Dr. Jameson.' The reins had slipped from Rhodes's fingers, and the further developments were unavoidable. His resignation was accepted, because he had to drop out of the Chartered Company.

This was the heaviest blow which could have fallen on him; even without him De Beers and Gold Fields were Companies which commanded respect and were able to carry on. With the Chartered, matters were different. Would the settlers remain calm? They did not want to hear of a Board in London, and still less did they want to be governed by Downing Street. Rhodes, on the other hand, had won their confidence, slowly at first, for in the early days they had suspected him of thinking more of Kimberley, of Johannesburg and even of Pretoria than of Rhodesia. And the Natives looked upon him alone as their master. When Grey as Administrator of Rhodesia was present at the great meetings of the Chiefs in Matabele-

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land, it had always been specially pointed out that he held the highest rank, as he was present in the name of the Great White Queen. But all eyes were turned to the man whom they considered their head – to Rhodes. Would the Natives remain loyal?

All these worries and anxieties tormented the man who had brought himself down, when he went to England to face his country, his judges.

The Inquiry Commission ¹⁹ did not deal with him very indulgently, and both Harcourt and Labouchere asked some most awkward questions in cross-examination. But a sane reaction to the attempts to drive him into a corner soon enabled him to recover his self-confidence, and when Rhodes 'saw the London bus-drivers touch their hats to me in a friendly sort of way, I knew that I was all right and the man in the street had forgiven me.'

Two years later others also had granted him absolution, and when he again appeared at the General Meeting of the Chartered Company in 1898 at the Cannon Street Hotel,²⁰ the scene of so many battles and victories, he met with immense ovations from all sides.

And yet: the Raid put not a stay but an end to the rise of the man who at that time was but forty-two. The bare six years which were left him did not suffice to give him a second chance.

Nor did he live long enough to see his numerous and manifold undertakings bear fruit. . . . When the Trustees proceeded to the carrying out of Rhodes's Will, they found shares in commercial and industrial Companies, in Railways and Telegraphs and in every kind of mining undertaking. But of all these securities, the total of which represented not only Rhodes's fortune but also the mirror of his unlimited activities and urge towards expansion, only two were earning dividends: De Beers and Gold Fields.

GOLD FINDERS

THE GLEAM OF GOLD

THE apt saying of the witty financier, that no man had come to the Transvaal in order to vote, but in order to dig for gold, can, without any limitation as to time, be applied to the whole of South Africa. The chase for fortune, the prospect of getting rich quickly, has at all times and in all parts of the world induced men to rush into adventure, to leave their homes and deliberately to incur hardships; 'the most efficient magnet is gold' and the importance of gold for the course of history and for economic development cannot be ranked too high. It was not in order to make geographical discoveries – it was to look for gold, and at the same time if possible to discover a new sea-road to India – that Bartholomew Diaz had sailed from the shores of the Tagus, and had landed (in 1486) to the south of the mouth of the Orange River, on the coast of what is now Namaqualand, exactly at the spot where four hundred and forty years later (in 1927) the sensational diamond finds took place.¹ Then he had circumnavigated the Cape which he himself called Tormentoso – of the storms, but which his King – who had not shared in the journey – had renamed Boa Esperança – the Cape of Good Hope. – Eleven years after Diaz, Vasco da Gama did in fact succeed in finding the sea road to India, which remained the shortest until the opening of the Suez Canal (in 1868).

It was near the present-day Beira in Sofala that he had landed, where five hundred years before, round about 930, the Mohammedans had successfully dug for gold.² (Indeed,

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anyone wishing to write the history of gold in South Africa must begin with very early times.) Was Sofala in fact, as tradition relates, the Ophir of the Bible? Many things speak in favour of the theory, as for instance the name of the mountain Fura, Afura or Aufur, which does not sound unlike Ophir. Was it perhaps possible to get from Sofala to the gold mines of the Queen of Sheba of whom the Bible tells, and who ruled in Southern Arabia about the year 900 B.C.? One thing is certain: there was gold in Sofala, the inhabitants found it somewhere in the interior, but alas! it was forthcoming only in dust, and already the ubiquitous complaint was heard – perhaps for the first time – that this gold seeking was really a very bad business, ‘a great expense for so little revenue and profit.’

The Portuguese round about the year 1570 found themselves in about the opposite position from the gold magnates on the Rand in 1895 – they’d got the land, but not the mines, which lay far in the interior and were worked by the Natives. The winning of the gold could be turned into a profitable business only if the land and the mines were held in one hand, and therefore in 1571 Francesco Barreto, ‘Captain-General and Conqueror of the Kingdoms,’ was sent out to the legendary Ophir to try to discover the mines of the Queen of Sheba; although his bold expedition ended in failure – however heroic – yet Barreto was the first of the many gold seekers of our own historic era.

The Portuguese, therefore, were not able to solve the enigma of Sofala. . . .

In the course of an extensive expedition through what is now southern Rhodesia, half-way between Sofala and the Matopo Hills, G. A. Phillips had (1862) found ruins, in some cases of a very high order, covering an area of about two miles by one and a quarter, and as up to now neither inscriptions nor burial-grounds have been discovered, these ruins, near Zimbabwe, defy any final explanation. Scholars of equal importance and equal standing have one after the

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other attributed to them Native, Semitic and Arabic origin, and their date has been fixed between 'not of great age' and 4000 B.C. But all these speculations do not go to prove anything, and one fact only stands uncontested: in these buildings gold was smelted, and in the neighbourhood gold had been found; how long ago and for how long cannot be determined, but experts have somehow or other calculated that a hundred million tons of ore have been extracted from these parts of a value of seventy-five million pounds, and it is probable that here lay the main source of the supply of gold in ancient times. – In large firmly constructed buildings, which stood in block-house communication with Sofala, lay the centre of a gold industry, of a 'civilisation showing . . . organisation of a high kind, with originality,' and all that is left are ruins which scholars have thought and still think to be a Temple of the Phœnician Astarte, the Goddess of Mines, buildings for military purposes, a Temple of the Persian Zoroaster-Zarathustra, and in which Dr. Karl Mauch thought to see a replica of the Temple of Solomon.

It is possible that in this excursion into Archæology Karl Mauch ³ has gone astray; but on his own territory – Geology – he has made discoveries which have become historical and which place him in the very front rank of South African pioneers, and there is every justification for looking upon him as the father of modern scientific mining prospecting.

His friend Henry Hartley, elephant hunter and explorer, had returned from one of his expeditions with the idea that it might very possibly have been gold which he saw – in Matabeleland; and Hartley was the owner of a farm on – the Witwatersrand; in order to make quite sure he took with him on his next journey Mauch, whose report was couched in such glowing terms, told of such 'wonderful richness of the quartz' found, that for the purpose of opening up the fields the London & Limpopo Mining Company was formed in 1868; a fully equipped expedition, with mining

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machinery and a steam-engine, led by John Swinburne and Captain Levert, was sent out to the Tati Goldfields.⁴

The next discovery of gold, in the Murchison Range in 1870, also did not amount to very much – its importance is historical rather, and especially because it showed *for the first time* the presence of larger deposits of *gold in the Transvaal* ⁵ (near Pietermaritzburg). For some years individual diggers did quite well, but Companies which had a biggish capital invested, turned out to be failures.

Five years after Mauch's discovery, Edward Button, a Colonist from Natal, and William Pigg ⁶ found gold upon the farm Eersteling in the Marabastad district; for the purpose of exploiting it the Lydenburg Mining Estates Company was formed with a capital of fifty thousand pounds, and powerful machinery and an engineer of experience were sent to the Transvaal, but there was no real success, for the continuous difficulties of transport and with the Kaffir labourers were insurmountable. The Company carried on operations with varying results till 1881; in that year of the war with England the Boers were actually so short of metal that they dismounted the machinery and used the parts for casting ammunition; Eersteling did not become a proclaimed gold field again until 1904, but even this new era was fraught with disappointments.

Although these finds, like those in Murchison Range, were insufficient to alter in any way the unhappy economic and financial condition of the country, yet they were after all of some importance, especially as it seemed that in Lydenburg things were in the offing which looked as though they might develop on a larger scale, and the Government in Pretoria felt itself called upon to take the matter up on principle. Frederick P. Th. Struben, for whom it was reserved fifteen years later to make the most important of all finds, which changed the whole of the face of the Transvaal, collected material for laws from America, Australia and New Zealand, and with only slight altera-

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tions his scheme was accepted in 1872: the Transvaal had passed its first Gold Law – the first of many; the President, with the consent of the Executive Council, was empowered to declare both Government and private lands to be ‘public diggings.’

The law made its appearance at the right moment, for just then it seemed as if the hopes which had been centred in the new fields would materialise: of the many not very reliable ventures in the neighbourhood of Lydenburg one at least proved productive – Pilgrim’s Rest.⁷ The road which was to lead by way of Barberton to the Rand was a long one and studded with many difficulties, but its beginning had been made at Lydenburg.

Again it was Edward Button, together with M’Lachlan, who in 1869 discovered – or more correctly rediscovered – the Lydenburg deposits, for from the first moment it seemed reasonable to assume that the Portuguese had found gold here. The two prospectors were unsuccessful in their claim for the reward of the five thousand pounds which the Government had offered for the discovery of a really rich gold mine, and there was really no justification for not admitting their demand, for in the course of these diggings the deposits at Pilgrim’s Rest were found in 1872, and these led to Lydenburg becoming the most important mining centre outside the Rand, and the former Lydenburg Mining Estates Company – subsequently renamed the Transvaal Gold Mining Estates⁸ – developed into the largest mine outside the Johannesburg District.

Originally it had only been a matter of finding gold in the Blyde River; but when the winning of surface gold also proceeded, everybody believed that El Dorado was just round the corner; David Henry Benjamin and Baron Grant⁹ – of Leicester Square fame – had the intention of buying up all the ground not yet developed, and bringing the winning of gold into one strong hand. Burgers foresaw the fulfilment of all his desires, had sovereigns minted¹⁰ from a

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nugget which had been found, allotted the diggers two seats in the Volksraad, and dreamed of vast loans in Europe and of a railway to Delagoa Bay which Grant was to finance, as the latter fully intended to do. But alas! a rapid frost killed all the early blossoms, and the night before gave place to the morning after; Burgers returned empty-handed from his loan-raising journey to Europe, and subsequently it turned out that Grant was unable to raise the funds to finance himself, let alone the railway to Delagoa Bay.

In spite of all these disappointments Pilgrim's Rest was more than a mere adventure. The great times began in the middle seventies, and in the subsequent heyday there was much life in the city which had grown out of the mining camp of which Struben relates that at times it sheltered fifteen thousand diggers. Funds flowed in and people arrived from other camps, from Kimberley and even Europe. The two Taylors and Dr. Jameson now and then turned up in the camps, Fitzpatrick as observant journalist and author collected data for his trek into the Veld, Barney Barnato and S. Marks became more largely interested – but all the extensive hopes were destined to fail. Owing to the unwise concession policy of the Government thousands of diggers went away in disgust, and from 1882 the gold fields were practically locked up for fourteen years. A new dawn arose for the Lydenburg district in the middle of the nineties; new companies were formed to continue the old workings, but the fields never again attained their former importance.¹¹

In 1875 a great number of diggers were drawn away from Pilgrim's Rest by rumours that gold had been found in Elandshoek; as happened so frequently, a wrong assumption led to an unforeseen result; at the spot where the diggers had gone they could not find anything, because there was nothing to be found; with practised eyes they scanned the neighbourhood for any possible gold, and this unorganised prospecting incidentally led to the discovery of deposits

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in the De Kaap Valley.¹² – The heavy cost of transport into the wilderness of everything they required swallowed all the profits, but in spite of all drawbacks some bold spirits held out; they could not make up their minds to desert the camps, for after all every now and then quite a good find was made, but on the other hand the fields were too poor for anything really great ever to come out of them. These ups and downs – with the accent on the downs – lasted for about seven lean years. Then began the fat years, but they did not continue for the Biblical term – the enchantment, and the unavoidable swindle put paid to them much earlier.

Round about 1882 a richer quartz was met with, a small rush had taken place, a mining camp came into being, and suddenly, as if by magic, a real rich gold field had become an event – a fact.

The miracle came from two sides. – G. P. Moodie,¹³ Surveyor General of the Transvaal, had in the early seventies made various journeys through the country to decide as to the best route for a railway (which, however, was not to be built for many a long day), and made use of the opportunity of purchasing farms which were bound to increase considerably in value once the line had been built – it might even happen that the railway would be laid by the surveyor in such a way that it actually cut through the farms (and it was even said that these farms had not cost him anything in hard cash, but had been granted to him in settlement for arrears of salary).

But Moodie's luck came much earlier, long before the first spade had been struck in the ground, for on the farms which lay in the De Kaap district, some very rich finds were made.

The other miracle – which may also be termed an accident – happened in the summer of 1884 when some hunters, the brothers Barber, in the course of an excursion found a gold-bearing quartz; a ten-stamp battery was erected by J. C. Rimer,¹⁴ and when the result of this became known,

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the great rush began, continuously strengthened by further finds, and when at last Bray's Golden Quarry was discovered, the whole aspect was changed, not only in the De Kaap Valley – but in the whole of the Transvaal.

Edwin Bray, a digger then sixty years of age, had as yet had no kind of success, not even in Kimberley. Now he and his colleague Griffith had managed to bring off the great coup; the man on whom fortune had never yet smiled found the seams of the world-famous quartziferous veins; the claims were bought from him, and the Sheba Gold Mining Company¹⁵ was formed, to be followed in a short space of time by twelve other Companies, every one of which had the word 'Sheba' in some shape or form as part of its name. – When the analysis (carried out by Johnson Matthey & Co.) of the new find arrived from London, a fresh wave of excitement passed over the whole of South Africa.

A valley in the wilderness had turned into a great industrial centre, and half a mile away from the spot where the Barber brothers made finds, a township had arisen; the name of De Kaap as generic for the district disappeared, and its place was taken by 'Barberton.'

The fame of Barberton, of Transvaal as a land of immense natural riches, now spread far beyond South Africa; European speculators followed the call, foreign capital looked for investment, and people streamed into the country, so that Barberton grew at a rate which can only be compared with the growth of Johannesburg in later years. From May to December 1886 the turnover of the post office had risen from twenty-four to over a thousand pounds, three newspapers, hotels, shops, clubs had come into being, three banks had opened branches, not to forget the Lewis & Marks Building, one of the first two-storey structures, and so that there should be nothing lacking in the mining town, two Stock Exchanges at once had placed their services at the disposal of a transient public, and so none of the requirements of modern civilisation were wanting. Out of

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nothing, followed by a handful of houses, a city with eight and sometimes ten thousand inhabitants had evolved. The speculating small capitalists and small mining owners were the lords of the situation.

From Barberton an immense optimism spread over the whole of the Cape; a much greater feeling of confidence was present than the Rand, upon which most men looked with scepticism, was able to arouse in its early days. Barberton became the hope of the whole of South Africa, then badly in need of a new impulse, for things in Kimberley were far from happy (and the amalgamation had not yet been carried through). For the first time after the many lean years in the Transvaal Treasury there were signs of better times, but at the same time – to Kruger's horror – twelve thousand Uitlanders had come into the country – a most undesired gift for him, who was wont to lay stress on the fact that he had not called them in.

The profit, however, which they brought was entirely welcome, and in the end the President was even prepared to grant some few concessions, for, so he said, and so he figured it out for himself, they do really bring money into the country, and whether they will eventually export gold from the country, well, that is another story; (and this was the beginning of Kruger's duplicity which turned out so fatal for him).

At the same time as the diggers there arrived in Barberton the concession hunters, that unpleasant class of business-mongers who in the Transvaal ever found a ready ear for their appeals, and in their wake followed the swindlers of all shades and descriptions, the professional ones and the amateurs, the latter being almost more dangerous, all of them scenting here a fruitful field for their activities.

Neither previously in Kimberley nor subsequently on the Rand was there anything like the number of bogus flotations that there was in Barberton – and that is really saying quite a lot. Companies were formed wholesale,

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amongst them Edwin Bray, Oriental, Kimberley Imperial, French Bob, Republic, Figaro and Nil Desperandum, but none the less their shareholders did despair subsequently, for after a very short space of time no Handbook showed any trace of this Company nor of the others. In their excitement it had not occurred to anyone that the quartz would have to be carried for seven miles over trackless roads, to be ground by a water mill – a process which by itself would swallow up any profit, however rich in gold the quartz might be. – Only the Sheba did well; its shaft produced at the start such masses of gold that a dividend of from three to four shillings – that is fifteen to twenty per cent – per month could be distributed, and the shares rose to ninety pounds.¹⁶ But even Kimberley Imperial went to eighteen and Oriental to twenty-three pounds, although their output was nil or nearly so. Shares of Companies which as yet had nothing to show, except a ridiculous number of claims to justify the far too high capital, whose machinery, even if it had in fact been ordered, had not yet arrived, were put on the market accompanied by constantly renewed rigging; they never did find any gold, and in view of the fever of speculation which reigned, the promoters would have had to be very clumsy – and they were not – if they had been left with any shares when the bubble burst in the middle of 1887.

For – Barberton turned out to be a gigantic disappointment.

It goes without saying that the consignments of gold from the Sheba attracted the greatest attention in London banking circles and an expert, Gardner Williams, was sent to Barberton.

His opinion was shattering, and the dance before the golden calf came to a sudden end. Within a few days Shebas had fallen to twenty pounds, Imperials to ten and Orientals to five shillings, and the majority of the shares were unsaleable. Unlike the conditions on the Rand, the

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deposits here were quite irregular. Of the mining people at Kimberley who, in so far as they did not exclusively confine themselves to diamonds, went to have a look anywhere where there was any digging going on, most and nearly all came to Barberton, and hardly any one of them probably left without having got caught at least once. The wise ones listened to the advice of the still wiser ones and did not commit themselves or only slightly; a vast number of them, however, paid heavily for their experience in Barberton, and the great mass of the shareholders lost every penny.

It is in this Barberton episode that the reasons must be looked for, why for many years the South African gold shares were utterly discredited, and why even the good shares of Companies on the Rand, which at that time was in the early stages of its development, were looked upon with deep suspicion.

The great dream had been followed by a rude awakening. Barberton, which in the days of its glory harboured ten thousand inhabitants, was deserted (and is to-day a small settlement of roughly a thousand souls). Its part was played out, but it had been a leading one: the views of the Boers as to the value and benefit of industrious workers in the country had changed for a while, important technical improvements had been tried out, and the capitalists at the mines had learnt how to dig for gold.

Barberton was the pacemaker for the Rand.

TRAIL-BLAZERS AND THE STRUBENS

NOT perhaps with the same gusto which antiquity showed in the still raging battle as to which city is entitled to claim the honour of being Homer's birthplace, but still with a fair amount of liveliness opinions differed in our days as to who is to be awarded by history the merit of having been the first to find gold on the Witwatersrand. The discussion which has been proceeding for a quarter of a century round an event which must undoubtedly be called historic ¹ is the more characteristic of the pace at which our own age hurries on, as we are only fifty years distant from that 'remarkable era, big with coming fate,' 'the memory of which is passing away rapidly with the passage of the survivors of that generation' and the development of which 'historians in future will scan . . . with curious interest.' ² Many have claimed to be the first who extracted from the ranges and brought to the light of day, the yellow metal, of which in days long since past, Theophrastus said that 'nature teaches us that gold is obtained by labour and toil, is retained with difficulty and its use produces both pleasure and grief.' But even more than the pioneer-prospectors, it is their biographers and would-be historians who shifted the limelight in favour of the subjects of their books and did not award the merit in the proper quarter, and many descriptions differ from each other in some material particular. That there should have been any discussion at all – and it started a very short time after the event itself – is due to the fact that it was not a question of one sudden accidental discovery of gold, as had been fre-

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quently the case in former finds in South Africa; it was the result of patient well-thought-out prospecting over hundreds of miles with varying success, and when things had gone so far that gold was actually found, it was by at least three men in three different places within a short space of time – by Fred Struben (on the Confidence Reef), by George Walker³ (on the Main Reef), and by George Honeyball⁴ (who had struck a rich leader). Beyond this triple event claims have been made in favour of Harry Struben, George Harrison,⁴ Henry Nourse⁵ and Dirk Geldenhuis,⁶ in addition to which Joseph B. Robinson propounded his own claim; but in spite of this *embarras de richesse* there can hardly be any doubt that it was Fred Struben who was the first to find gold in the conglomerate of the Witwatersrand, although the two brothers Struben, who worked so closely together, were themselves not quite clear as to whether in the last resort the palm was due to Fred or to Harry. Even if some of the others had made valuable and important finds which hastened the development – in particular those of Walker – yet all these without exception were occasional finds, and Struben (or the Strubens) was the only one to proceed methodically and consistently.

This was necessary in order to succeed in a formation which defied every theory and upset every experience previously gained. There was an enormous difference in the way in which diamonds and in which gold was discovered; ‘the searchers for diamonds stumbled at the very outset upon the richest deposits,’ but even in places where by reason of definite indices gold was suspected, it would be won to a profitable extent only if the prospector himself had sufficient geological knowledge, or if he worked hand in hand with the scientist. But Nature herself, or fortune, raised particularly heavy obstacles in the road of those who explored the Rand, and ‘fortune seems to have taken a whimsical delight in misleading prospectors.’ Henry Hartley was the owner of a farm on the Witwatersrand, but, with

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fortune at his feet, sought fresh fields and pastures new, and in 1865 discovered with Mauch the first gold deposit in South Africa, Tati in Matabeleland, and by this round-about way became the real 'pioneer of the goldfields.' Mauch, the geologist, and in 1868 the finder of gold on Olifantsriver, had a year previously been taken to the Rand by Robert Lys⁷ – (as sixteen years later Struben was taken by Geldenhuis) – who wanted to draw his attention to the peculiar formations, and Godfray Lys,⁸ the son of Robert, often told the story of how even then Mauch had expressed the view that some day gold would be found there. – Two years prior even to Mauch, Thomas Baines⁹ passed over the northern outcrop of the subsequently so famous conglomerates, when he was conducting a party of gold prospectors from Durban to Matabeleland (where eighteen years before Rhodes he received in 1870 from Lo Bengula a prospecting concession over a vast territory). – The Rand mocked at those who wanted to bring it into the limelight.

As Robert Lys, the father, with Karl Mauch, so Godfray, the son, was on friendly terms with Fred Struben. On their prospecting odysseys they had, long before the subsequent mining magnates were converted to the same view, become convinced that without the advice of technical experts it would be difficult to make any headway, and that without their assistance time and energy would be wasted. At their instigation Sir Theophilus Shepstone, during the time of the annexation, sent for Mr. Armfield, an American mining expert with experience in Australia. Struben informed him of what he was to do and told him 'that the Witwatersrand was a good formation.' Armfield thereupon began to examine the white-quartz reefs, but then he heard of a rich strike in Selati¹⁰ and made his way there. So 'he missed,' as Struben relates, 'the conglomerates and was not successful in locating a gold reef.' Armfield was unable to continue the work he had begun, as he was struck down by fever and died; so once more the Rand remained

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undiscovered. The last decisive blow was reserved for Struben himself.

All the others, however, who in the most primitive way, with the simplest means and with personal exertions and privations had carried out the real pioneer work, were for the most part not only entirely forgotten, but even the monetary gain of these path-finders was so slight that it cannot even be regarded as a modest compensation for their exertions – in most cases it came to exactly nothing. Walker, who discovered the Main Reef, and Honeyball, who had struck a leader, spent many years unknown in absolute poverty, until a pension lifted them out of the dreariest circumstances. As a rule it is not those who are the first to ‘follow the Gleam,’ the first to have a share in a great discovery, who receive the great prizes, and it is only rarely that the pioneer fulfils another task than to prepare the way – for others. The big money on the goldfields of the Rand was not made by those who came first and found the gold, but by those who came at the fatidic moment and exploited it industrially.

There was – and there always will be – an appreciable difference between the finders of gold and the founders of mines.

The good fortune to have come in the nick of time was granted, amongst others, to J. B. Robinson. Frederick Struben,¹¹ on the other hand, met with the fate of so many men, especially discoverers, who have recognised a fact too soon (they are ‘out of time’, as Nietzsche calls it). If in the middle of the eighties he had been an unknown man, a new-comer, and had informed his friends of his discovery, he would without the least doubt have found financial backing. Far too often before he had told of finds which afterwards proved to be of no importance, and yet he again and again maintained the view that gold *must* be found on the Witwatersrand – till he came to be looked upon as an incorrigible dreamer, and when he actually made his great strike – he

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found no one to believe him. Struben himself on one occasion said to Hedley A. Chilvers, 'If my friends had not persisted in regarding me as a fool in the early eighties, we might have bought the whole of the gold-bearing farms for a song.' . . .

Like most of the men on the Rand, Struben also had been in Kimberley; there he met Rhodes, whom he looked upon as 'a poor and delicate lad with nothing but his brains and energy for capital,' but it was not till much later that they entered into closer relations, and then Rhodes said to Struben that it was really a pity that they had only just got to know each other properly: 'if you with your knowledge and I with my ideas had known each other in the early days, we might have done a great deal of useful work for South Africa.' In any case, however, even without collaboration, each of them has done his full share for South Africa.

Struben's attention was first drawn to the Witwatersrand by Dirk Geldenhuis, who pointed out that the formation on Wilgespruit was curiously similar to the gold-bearing reefs of the Sheba range, and in December 1883 they started their journey together; Struben immediately recognised that there probably was in fact gold to be found here, and that it would be worth while to prospect in the district. The brothers were men of means, in a position to carry out their ideas on an extensive basis, and during the course of February and March 1884 the farms of Sterkfontein, Swartkraus and Wilgespruit,¹² which were to form the centre of the future development, passed into their possession. Work was begun at once, without much success, on Sterkfontein, but Struben refused to be discouraged, and invested huge sums in additional purchases and in installations. His friends prophesied that he would never see his money back, for never yet had gold been found in conglomerate.

On Wilgespruit success crowned the Strubens' efforts – on the 18th September 1884 Fred struck the reef which he

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called Confidence Reef—*Struben had discovered the 'Rand,'* without at first appreciating the quite epoch-making find he had achieved here, and it was not till George Walker had discovered a conglomerate of banket reef on Langlaagte that it was possible to form a clear idea of the importance and the richness of the gold-bearing formation.

Struben's cautious and prudent nature would have preferred to await further proof of the correctness of his views, before publishing his discoveries officially, but the hopeless state of things in Pretoria did not admit of further delay. Dr. E. I. P. Jorissen, the State Attorney (Dr. Leyds subsequently succeeded him), called on Struben in the spring of 1885 to inquire officially if it was true that he had found gold. Struben informed him of the developments, and said that the time to make matters public had not yet come, and that it might even be an obstacle and a disadvantage to attract the attention of the world at this early stage. Jorissen, however, insisted that Struben should at the first possible moment make a statement, that the condition of the Treasury was hopeless, that there was not a penny in the Exchequer, and that it was only with the greatest difficulty and at the cost of vast sacrifices that the Government had succeeded in raising a loan of five thousand pounds; that the Raad was faced with the necessity to admit its bankruptcy, but that there was a chance that Struben's discovery might obviate this.

On the 5th June 1885 Struben made a detailed report to the State President and the Volksraad in Pretoria,¹³ and on that occasion did not refrain from telling the Government most clearly what his views were, or from drawing its attention to its duties—but he preached to deaf ears; the very faults which Struben wanted to see avoided were made.

Immediately after his first finds Struben had informed his friend Godfray Lys, and had asked him to join him. The exertions of both were directed to work in a rational

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manner, for in the early days much gold was always lost. A gold-crushing battery ¹⁴ had been ordered in England, after the two had learnt their business at Pilgrim's Rest under Gardner Williams. It was this 'primitive battery which was destined to make the Rand world-famous' that they now awaited, 'the humble precursor of the most gigantic gold mills of modern times.' Fifty years later Lys gave to William Macdonald the following description of the now historical moment of the arrival of the steam-engine: 'I can well remember the day when the wagons came rumbling down the rocky road from the "Confidence Reef," a little over half a mile away, to the spot where we had erected our battery beside the sparkling spruit. Great was the excitement there that morning. Harry Struben and his family were there, and the three Geldenhuis families, not to mention Fred Struben and myself who were in charge of the working of the battery. Think of our excitement when, with every splash of the water washing down upon the plates, you could see the amalgam growing. There was Fred Struben dashing about in a state of wild excitement endeavouring to attend to everything himself; while I confess that all of us were equally excited.'

On the 12th December 1885 the machine began working, and on the 22nd February 1886 Struben was able to send the first small consignment of gold to the Standard Bank of Pretoria - 61 oz. 11 dwt.

At the time the Strubens did not yet know that Walker in Langlaagte had struck the Main Reef, and so the news that Robinson had arrived there and had secured options came as a surprise to them. With wise foresight they at once exercised all the rights which they had acquired up to that time - Crown Reef and Knight's ¹⁵ passed into their hands - for they could see that the days of methodical work had for the time being come to an end, that men would crowd in, of quite another class than those who up to now had prospected cautiously and with restricted means.

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It was no longer the prospector, it was the promoter who set the pace, and it took many long years before the merely speculative epoch was conquered and the development of the Rand returned to the settled paths which Struben had considered to be desirable, and which he had advocated in his report before the Raad.

MASTERS OF MINES

KRUGER AND HIS FOREIGNERS

IN the early seventies, round about 1873, at the time when Rhodes had just united his claims with those of Rudd, when Barnato was beginning to go from camp to camp inquiring if there was any business to be done, when Wernher was sending reports to Jules Porges of new diamond finds, and when Beit knew Kimberley merely as a spot on the map – ‘at that halcyon period South Africa had no politics, nor did it contain a millionaire; everyone was ridiculously poor, but was happily unaware of it.’

In the Transvaal this idyllic state of things had rather given way to resignation; in spite of industry, piety and economy no improvement seemed possible; every attempt to lift the country from its primitive – we might almost say its ‘Biblical’ – state of agriculture to a higher level of development had been in vain. At times there was some passing improvement in the financial situation as when by accident gold had been found; – but those who discovered and afterwards worked it, were almost without exception non-Boers – foreigners.

Hope gleamed anew on the Transvaal in 1873 when once more – this time in Lydenburg – the yellow metal made its appearance. J. F. Burgers, Kruger’s highly cultured predecessor, began to dream of leading his country to European conditions, just as he had already dreamed of bringing about a Union of South African States. In those early days there was no talk of nationalities, ‘one never heard of Boer and Briton . . . there were no races except

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the coloured races and tribes,' and Burgers would then have been faced with fewer difficulties than those which arose when the Union actually came about some forty years later. In a conversation with James Anthony Froude ¹ the President sketched out his plans, and to the cogent question as to the flag under which he pictured the Union, Froude received no clearer reply than did James Bryce when in 1905 he put it to Lionel Phillips. ('Under which Flag' is ever a ticklish question, and South Africa is not the only country where it has proved a difficult one to solve.)

For a long time Burgers had been trying to find friends in Europe; now that gold had been found in the country, the time seemed particularly favourable; for four hundred and seventy pounds he bought a nugget in Lydenburg and had coins of the value of a sovereign struck with it. In order to make himself popular in the country he presented each member of the Volksraad with one, and so as to prepare the ground in Europe, the Head of every State which had recognised the independence of his country received one. The rest he took with him to Europe to serve as visiting cards.

He wanted to bring back money and settlers – Uitlanders, for in those days the view among the Boers was general that their own abilities were probably not sufficient, and only the efficiency and daring of European settlers would be able to develop the possibilities of the country – a view which subsequently was decisively altered. – The success of the journey was poor; instead of the expected and necessary three hundred thousand pounds, Burgers had been able to raise a loan of only ninety thousand pounds, nor had he more luck with the Uitlanders – no one wanted to come, Transvaal was not sufficiently attractive.

On his return to Pretoria a most unpleasant surprise awaited Burgers; the public Treasury was empty, and in addition interest payments and salaries were in arrear (nor did any change take place in this state of chronic impecuni-

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osity during the next ten years). When in 1877 Sir Theophilus Shepstone made his entry into Pretoria, he annexed for England an utterly bankrupt State – a State whose white population of about eight thousand was scattered over a country which, according to European ideas, could have maintained twenty-five millions. Financial straits became even worse when the British had withdrawn after Majuba. There were not sufficient objects for taxation, nor enough people in a position to pay.

Burgers had honestly and sincerely tried to govern the Republic properly, and in order to help the country he had used up the whole of his private fortune; disgusted and in despair he had seen his exertions brought to nought by the resistance of the Boers who refused to learn anything, but in the Volksraad he told his fellow-citizens the truth: 'I would rather be a policeman under a strong Government than a President of such a State. It is you – you members of the Raad and the Boers – who have sold your independence for a soupie (a drink). You have ill-treated the Natives, you have shot them down, you have sold them into slavery, and now you have to pay the penalty.' Kruger was the man whom he accused especially of the responsibility for the hopeless conditions, and he charged him with having intrigued against the Government and taken the part of those who refused to pay taxes, so that he might by such means himself reach the Presidential Chair.

In such circumstances it may be assumed that it was completely out of the question for the Boers without assistance to succeed in bringing their country to a state of solvency.

But a miracle happened – once more gold was found, and just as in 1870 the whole of South Africa had been saved from stagnation by diamonds, so in 1885 the gold-bearing conglomerate beds of the Witwatersrand proved the salvation of the Transvaal.

Without anyone being aware of it, the mightiest and

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richest deposit of gold in the world had been found in a country whose fear ² of the accursed and yearned-for gold was so great that no more than ten years before the Statute Book still contained a law, dating back to the days of Pretorius, that it was a penal offence for the discoverer of precious stones or metals on his farm, to inform anyone but the Government thereof; it was Burgers who had repealed this enactment.

In one instant, everything in the Transvaal had been completely changed. Now there were objects which would stand taxation, immigrants had settled who were more than willing to pay taxes so long as no unfair demands were made on them. Without having lifted one finger, without having incurred the slightest risk, the Transvaal was a wealthy country.

Once the discovery of gold had become generally known – and in order to induce the banks to grant a loan, Struben had even been urged by the Government to publish his results ³ earlier than his caution would have allowed – the Boers were faced with only two possibilities; either they must put their own energy and courage into the development of the mines (and they did not even make an attempt to do so) or they must prepare for an inrush of foreigners much greater than had taken place at Barberton or at Lydenburg. – There was no third possibility. Granted that Kruger was possessed of ‘the titanic will of a Cromwell’ – even that would not have sufficed to stay the natural development. ‘There is no power on earth capable of keeping diggers out of a large territory where there is gold, and to attempt to do so is to engage upon an impossible task.’ ⁴ What Kruger wanted may be roughly stated like this: keep the benefit of the gold mines for himself, risk as little as possible,⁵ and drive those who had opened up the fields to leave again in disgust.

Anxiously the old Boers gazed on the mixture of peoples who settled down in their midst. Millionaires came from

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Kimberley and adventurers from pretty well everywhere. Every coach – and soon they proved insufficient – brought fresh loads of men; ‘all were eager to see the great new gold-field for themselves, and, if possible, to share its riches. Some were carried away by optimism, and lost everything in hopeless ventures; others, devoid of imagination, were unable to realise the immense possibilities unfolding before their eyes.’ A city arose in the desert,⁶ and an industry sprang up with a speed the like of which had never been seen and with a concentration such as had never yet been experienced. The mines were managed by European or American managers, owned partly by overseas shareholders, and worked by black labourers. The Boers were bound to fear that the English, who formed the great majority of the foreigners, and who owing to their ‘enterprise and managerial genius and by modern methods’ had done the lion’s share of the work, would one day drive them from their free and independent existence ‘into a more highly organised social system in which the special capacities of the English are bound to carry the day.’ And behind this dread stood the fear for their political independence⁷ which they had regained barely five years ago.

Every ‘foreigner’⁸ problem has its own peculiar complications, for the alien (*alius*) is ever ‘the other,’ one ‘belonging to another country, not entitled to the privilege of a citizen.’ But the problem grew into a very ‘Janus Head’ when members of a nationality which up to now had only been used to dealing with foreigners at home, in turn became aliens themselves. The problem was interpreted on the banks of the Vaal River in a very different manner from that usual on the banks of the Thames. – How hazy the ideas were on the subject may be seen from the fact that Uitlanders residing in the Transvaal joined in the demand for the franchise, although they were members of the British Legislative Assembly of the Cape, and some even made the ‘somewhat paradoxical claim’ that the Mother

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Country should assist them in more rapidly becoming citizens of another State.

Towards the end of 1895, when the economic position under the old regime had attained its highest point, there were settled in Johannesburg and on the Rand roughly sixteen thousand Englishmen, two thousand two hundred Germans and four hundred Frenchmen⁹; many other nationalities were represented,¹⁰ but the numbers of each were so small that they did not count. — Only the absolutely false position which Kruger took up succeeded in uniting all the Uitlanders, for up to then not even the English had presented a solid front; in spite of their common aim of getting gold and making profits, the ways of separate individuals or groups had been very varied and the position they had taken up dictated by widely differing interests. Even the official representative organisation could not be kept under one hat, so that for a time the Chamber and the Association of Mines looked at each other in none too amicable a manner. Kruger, who thought it was to his advantage to sow dissensions — *divide et impera* — among the Uitlanders themselves, found the point where to insert his chisel not only in the line which ever divides employers and employed, but also in the divided official representation (the employers' organisation). The Chamber of Mines had been refused a Charter of Incorporation on the ground that it was not desirable to create an *imperium in imperio*,¹¹ and during the years of the split the Government did everything in its power to widen the rift. The seceders¹² were told again and again how very undesirable it would be that the two Chambers should be reunited, and it was Kruger alone who by means of his lack of consideration and his indolence managed to achieve the trick of bringing Chamber and Association together again in 1897 so that the Uitlanders of all countries presented a solid front. If in the end Politics became the ruling factor in Johannesburg and even brought about complete unity, this abnormal state of

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things could only come to pass owing to the conduct of the folk in Pretoria who 'by neglect of their obvious duties, by their ignorance of ordinary public affairs, by their wilful disregard of the requirements of the Uitlanders, have given cohesion to a people about as heterogeneous as any community under the sun, and have trained them to act and to care for themselves.'

The Uitlanders, irrespective of their country of origin, could be divided into two main groups. The first consisted of those to whom it was a matter of the most utter indifference whether they possessed political rights or indeed rights of any kind; they had come to make money, as quickly as was at all possible, in order afterwards to enjoy it in pleasanter countries. (This category, however, soon disappeared altogether – in the majority of cases without having achieved its object.) – The second group consisted of men who for many years had done their duty by the country in the most difficult circumstances, who felt somehow bound to the land, who were good citizens without having been granted citizenship, and who were willing to put their hands into their own pockets when in spite of all negotiations Pretoria refused to do what was absolutely indispensable. – People who have lived many years in the Transvaal have expressed a doubt as to whether the Boers really appreciated the difference between these two groups; for them there was only one distinction in their general dislike of the Uitlander: of two evils the Englishman was the greater.

The most reliable and respectable among the immigrants were those who went on with their work without any exaggerated optimism, and knew that considerable exertions were necessary for success; they were the first to come and remained the best; not till later on came the cosmopolitan riff-raff,¹³ the chevaliers of industry and the gamblers.

The first – and in the beginning the only ones – who recognised 'that the old rule-of-thumb methods would not answer in the difficult conditions of gold mining on the

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Rand' were the men who had won their spurs and gained their experience in Kimberley. They were Robinson, Barnato, Beit and his men, the Albus, Marks and Neumann – Rhodes also must be included although he did not come till later, and never pulled his full weight.

It was Kimberley that made Johannesburg, it was the men from the diamond fields who made the gold mines on the Rand.

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THE enormous energy, and also the ability to become a really great figure were his; but those valuable qualities were overshadowed by absolute unreliability and a self-confidence which transcended all bounds. His own view was the only one that counted, equals and partners did not exist for him, and his collaborators either had to submit or they were of no use to him. Quarrelling with everybody, straightaway threatening and starting legal proceedings, the ever 'redoubtable and pugnacious' Robinson in his despotic egotism eventually was at loggerheads with the whole world.

In opposition to the Chamber of Mines he and a few other malcontents formed the Association,¹ at a time when it should have been the duty of every Englishman and of every other Uitlander on the Rand to stand shoulder to shoulder; if he had any suspicion that the public did not hear or read enough about him he started a fresh newspaper²—his own bank³ carried through his affairs, and if it had lain in his hands, then his own Law Court, with himself as Plaintiff and as Judge in one person, would have adjudicated upon his endless lawsuits.

It was his ambition, not only to be everywhere the leader, he also claimed to have been the first in point of time; to have been the first in Kimberley, the first to export diamonds to England, the first on the Rand, and the first to have driven a shaft into the ground there, but of all these usurped records almost the only one he really set up is that he owned the first brick-house in Kimberley. Robinson did *not* discover the Rand, nor did he introduce

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Kruger and Rhodes to each other,⁴ nor is the name of his family among the settlers who in 1820 emigrated to South Africa.⁵

In spite of these great and all too human weaknesses Robinson was every inch a man, true blue throughout, and had in him something of the spirit of the great adventurers and conquistadores who do not know the word compromise; and of all the great and successful Rand magnates he was one of the few who in addition were really genuine pioneers.

Rather more than ten years older than the other leaders on the Rand, he was born in 1840 in Cape Colony, and could remember how his parents' house was attacked by Kaffirs, and how in the distance he had been able to see the fiery track of successful ambushes; impressions of this kind stick, and explain much of his treatment of the Blacks, and consequently the draconic penalties in the I.D.B. Law for which Robinson was responsible.

He knew both country and people thoroughly; as wool merchant he had travelled around everywhere, and taking part between whiles in one or other of the many wars against the constantly rebellious tribes appeared to him merely a change of occupation such as going hunting might have been. — Business was good, he had made a lot of money, and was on the point of settling down as a farmer and breeding cattle when the news got around of the finds of diamonds which had been made on the shores of the Vaal River. Robinson is one of the few who as far back as Pniel and Klipdrift joined the great march forward which led to Kimberley and Johannesburg, and, for only a few chosen ones, to Park Lane.

In Kimberley he was from the start a member of the Mining Board, subsequently its Chairman; he raised and commanded the Kimberley Light Horse, was elected Mayor of the town, but curiously enough he belonged to that class of early diggers 'who failed to make headway' in

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the diamond fields, though he attached much importance to being called the 'father of the modern Diamond Industry.' He had experienced many ups and downs, and the final result was a considerable debit balance at the bank which wanted to be paid and which pressed him.⁶

The turn of the tide came when he received from a business friend named Evans a telegram, 'A discovery made about 30 miles from Pretoria of conglomerate shedding gold. Think it worth your while to come up and see.' Beit came to his aid at the bank, a syndicate was formed, and provided with working capital Robinson started out for a new future. His great day had dawned.

He began his investigations on the Rand on the spot where Bantjes, one of the pioneer-prospectors, previously started digging and had found gold,⁷ and where, Robinson imagined, there would be more in the vicinity. Not far away was the Langlaagte Farm, belonging to the widow Oosthuizen, and when Robinson had ascertained that the house which George Harrison had constructed on the farm was built of stones which came from a quarry on the estate and which were goldbearing, he remained. . . .

. . . This purchase of the Langlaagte Farm from the widow Oosthuizen, the first of many successive interesting acquisitions of land, has long ago passed into the realm of legend, although not quite fifty years have yet elapsed. Not one of the many subsequent purchases of farms, however, can claim the same interest, for it was here that George Walker had found the Main Reef, and *with this purchase the industrialisation of the Rand commenced.*

A wide field and a good soil await the imagination when we come to relate how land, the purchase of which cost a few hundred or a few thousand pounds, produced treasures the value of which goes into hundreds of thousands or millions of pounds. — The writer began this un-

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assuming book more than thirty years later than did Gardner Williams his classic work about Kimberley and its diamonds; and if that man who was an eye-witness of much that he recounts, who had all sources of information and proofs at his disposal 'has been perplexed as to which story the most evidence should be given,' – what must have been the difficulties which the writer of these pages had to face a generation later, during which period imagination has been far more active in South African stories than the correct and objective writing of history. Many a time the author was more than 'perplexed' – he was in despair. The more he tried to delve into the interesting course of events, tried to find out in which surrounding circumstances an uncultivated agricultural territory passed into the hands of speculative business men, the more he had to come to the conclusion that he was attempting the impossible – a task which admittedly 'is worthy of the sweat of the noblest.' But in spite of the attraction, and of all the sweat – sometimes cold sweat – which he had spent, he was compelled to give up the idea of telling the story of the farm purchases. It is a pity, and the reader may be sorry, for many of the anecdotes are charming, and have in the course of time been polished like a fine diamond. Beit appears on the scene, nauseated at the mere idea of drinking the appalling coffee made of chicory, but forced, in order to keep the vendor in a good temper, to swallow as many as seven pots. – Rhodes is in the parlour negotiating with the husband, and in the meantime Robinson in the kitchen has already concluded the bargain with the wife – a sentimental Boer woman is on the point of allowing a concluded agreement to come to grief for the sake of a pot of geranium which the purchaser in a generous mood then permits her to take away – Boers who are prepared to entrust the money they have received to the bank only on condition that they may come every day and see that

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it is still there. These amusing tales, which may perhaps have happened somewhere sometime somehow, turn up in literature at every corner; that the names of the actors should change, that in itself is a disadvantage; but that the scene should change too, and that the same story, which one author may relate about Langlaagte Farm, should be transferred by another, equally trustworthy, to Modderfontein – this became an insurmountable obstacle. The writer gave it up – was forced to give it up – and of a carefully considered and repeatedly begun chapter headed ‘Purchases of Farms’ nothing is left but this heartfelt sigh. . . .

So the farms of Langlaagte and Randfontein were among the most important purchases which Robinson made on behalf of the syndicate, and the mines floated on them developed favourably beyond all expectation – there was every reason for continuing a partnership begun under such good auspices. But in the long run this proved to be impossible; Robinson was not the kind of man who could work in partnership, and so it was decided to make a separation in kind, on which occasion Robinson turned in the geologically wrong direction. He chose the west with Randfontein and Langlaagte,⁸ and allowed his share in the mine, to which he had assuredly somewhat prematurely given his own name,⁹ to be bought for fifty thousand pounds. Wernher Beit thought that the East had a more promising future, and they were right, as for the Rand too a great light arose in the East.

Robinson had made a mistake on the dissolution of the partnership; the development of the Rand proved him to have been wrong, but this did not stop his becoming a very wealthy man. His vanity could not get over the fact that others had been more far-sighted than he, and as he could not undo what had been done, all that he could do to give expression to his resentment was to include the Wernher Beits in the exceedingly active hatred which

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he had for a long time felt for Rhodes. — This hostility had begun in the very early days of Kimberley, and not even Fitzpatrick could say how it arose; it may have been injured vanity that he was unable to play a part in the great amalgamation, was unable even to oppose it, and as everybody kept out of his way, he had not been offered a post in the great combine; but that others should attain power and position, should become leaders, this hurt his vanity, and all those who had thought they could pass him by were victims of his persecution. So for instance he seriously considered the idea of ruining De Beers by breaking up the monopoly. That amongst others this would most seriously have affected Beit, to whom he owed the whole of his renewed prosperity, would not have stood in his way. For the moment he had not the means for any great activity, but when he had made money on the Rand, then his time had come. . . . Wherever an opportunity occurred, he bought diamond mines, prospects, interests, and in doing so he neglected the golden rule that transactions which are entered into from hostility, can never prosper. It was an expensive undertaking that he had embarked upon, and it is unnecessary to go into detail, for his campaign did not injure anyone but himself and his bank account.

With the Raid Robinson did not have anything to do, for the time had gone when any threads ran from the Gold Fields office and the Wernher Beit Corner House to the Robinson Buildings, and another reason for not inviting his co-operation was that he belonged to those who were constantly flirting with Pretoria (he was even looked upon as a pro-Boer) and who from the point of view of solidarity were not to be relied upon. (It is possible, however, that Robinson might have known better how to carry through a revolution than those who actually staged the Raid.)

At the critical period he was in London. Shortly before

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he had started in Cape Town a decidedly anti-Rhodes newspaper,¹⁰ which he supplied from London during this most disastrous period by expensive cables, which all tended in the same direction: Rhodes 'was fallen, must be fallen, ought to be fallen.' But when the editors of his then Johannesburg paper, the *Tiansvaal Times* – for they would not and could not fall in with his mood – called Jameson 'lion-hearted' and described the March as 'a glorious possession of the Anglo-Saxon race,' they were dismissed by cable from London.

To such an extent was he led astray by the exalted opinion he had of himself that he thought the highest honours were within his reach and that a seat in the House of Lords awaited him. But his abounding energy, which had led him to success after success, availed him nothing in the realisation of this ambition, and on the 22nd June 1922 there were unprecedented protests in the Upper House which utterly refused this addition to its ranks;¹¹ some exceedingly painful questions were raised, chief among the complaints against Robinson being the fact which was indisputable and had indeed become notorious, thanks to a decision in the Courts, that between the purchase of certain mining properties and the resale thereof to his Company (the Randfontein) he had made 'large and illicit profits for himself' and had concealed this fact from the shareholders. At the time it had come to an action, in the course of which Robinson was condemned to pay over half a million pounds, for it was 'wholly inconsistent with the obligations of good faith that the defendant should have made for himself these profits.' Further, during the debate in the Lords, Lord Selborne who, as a former High Commissioner of South Africa, was thoroughly familiar with all the facts, made the damning statement that Robinson's 'sympathies had never been with this country.' After this public exposure there was nothing left for him but to withdraw as quickly as possible, and



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Vanity Fair

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in a letter to the Prime Minister (Lloyd George) he asked for 'permission to decline the proposal'; in an unofficial statement he added the decidedly tactless remark that 'the title did not cost me a single penny.' – After these events Robinson was avoided even more than before, and socially he was dead. Was it his own shadow which had tripped him up, or was it the hand of the Titan Rhodes which from the rocky tomb in the Matopo Hills struck him down – for the Peer who, with his interpellation, finally crushed the mining magnate Robinson, was the Chairman of Rhodes's Gold Fields, Lord Harris.

Robinson saw to it that the general public should again and again busy itself with him and his affairs, and – unwillingly – also provided it with sensations. When he bought the lease of a palatial house in Park Lane, he discovered that he was also an art connoisseur; times had changed considerably in favour of a new class in Society, and whilst barely a quarter of a century ago the former owner had paid twenty-five thousand pounds for one of the first big South African diamonds,¹² Joseph B. Robinson now sat in Dudley House and collected pictures¹³ and made money out of them; when in 1923, after the unpleasant events in the House of Lords, he wanted to part with his property in order to take up his residence in South Africa, an auction took place unique in the annals of Christies: Robinson who, like all vain men, was convinced of the great value of his belongings just because they were *his* belongings, had fixed the reserve prices so high that practically nothing was sold.

In his old age he suffered from deafness, but evil tongues maintained that he exaggerated, and that he only pretended to be deaf so that he need not admit having heard anything unpleasant. The tale goes that at a meal his neighbour, an old friend, wanted to touch him for five pounds, whereupon Robinson replied that he could not hear anything with this ear. The man, however, being much in need

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of the money, got up, went to Robinson's other side and asked for ten pounds. 'What? Ten pounds? You said a fiver just now.'

At the age of eighty-nine he died (in 1929), a very wealthy man,¹⁴ on his estate in South Africa; the mournful occupation of the old man in his declining years was the fighting of lawsuits relating to events of days long past. Full of fight and suspicious to the end, he even uttered threats against his 'enemies' in his last will.

His son and heir declined the succession to the baronetcy.

BARNATO

‘RHODES looks down on me because I have no education – never been to College like him. . . . If I had received the education of Cecil Rhodes there would not have been a Cecil Rhodes.’ An amazing statement by Barney Barnato, but by no means a vain boast; he said much that will not bear serious criticism, and was unconsidered – but this estimate of himself was deliberate, and Barnato ever fully recognised the limitations of his qualities. Rhodes, during the years of his brilliant financial career, ever had only one outstanding opponent, and that that opponent should, in spite of his vast ability, have had absolutely no education and been so unsteady – this was one of the many great prizes which Rhodes drew.

It would be difficult to find a greater dissimilarity, both in their appearance and in their ideas, and yet both Rhodes and Barnato were alike in their aims, ‘in their expanding ambition and power to grapple and mould in their distinctive ways to opportunities about them. Both had keen foresight, and extraordinary prehension of great financial undertakings. Both had, too, the essential poise and accuracy of judgment that shuns pitfalls and punctures illusions.’

Rhodes also had received no real business training, and much of his knowledge came to him only through experience, but he always had a strong background owing to his careful bringing up and his education, which was far above the average. Barnato had nothing of this, no foundation of any kind. He never acquired more than

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the most elementary schooling, he hardly ever read a book and did not even care for newspapers ('Skimmed? I knew all I wanted to know before the papers were published'). Nor did he ever try to give the impression that he came from a different class; he had many faults, but snobbishness was not one of them. He often boasted with just pride of the enormous exertions it had cost him to take the first successful steps which lifted him out of the very lowest rank. 'There is nothing this country produces,' he said subsequently, 'that I have not traded in, from diamonds and gold right away through wool, feathers and mealies to garden vegetables. I have always found that I was as good a hand at buying and selling as most people I came across . . . any man who tried on a game with me, or whose goods were not up to sample, had a bad day sooner or later.' It was a notable feastday for him when at long last he held a real cheque, his very first, in his hands, and could proudly boast, 'I've got a checker. I've got a checker.' His *naïveté*, his genuine enjoyment of each and every joke never left him – and this was occasionally a great drawback. It is very pleasing – in Barnato's case it was even touching – to see a man who has risen far above his original sphere, still feel the strong tie which binds him with everything which made him happy in his early days. But the world is entitled to ask for a certain dignity in a man whom it is expected to take seriously. Barnato was never able to come up to this expectation, and he remained to the end 'the incarnation of business but in a perfect bohemian guise.' Nor was he ever able to draw the dividing line which clearly separates the business man from his personal inclinations; 'he frequently carried his fun into business; but unfortunately carried his business into his fun.'

That a man with all these drawbacks and faults should have dared to the extent to which he did to face Rhodes in combat and that he by no means came out of the struggle

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vanquished – this is a story in which fiction is beaten hollow by fact. . . .

Isaac Isaacs, the owner of a small retail shop in White-chapel not far from Aldgate, had two sons; Henry, the elder, had in 1871 emigrated to the diamond fields in South Africa, and had brought with him little more than the gift of sensing infallibly every chance of making a bit, regardless of the kind of activity involved; 'one could scarcely have cast him in any society or any place on earth where his nimble wits would not have won him a living.' He did everything and attempted still more, became first bar-tender serving the customers, and subsequently as chucker-out discovered his gift for boxing. From this to the artistic career was but a small step for his agility; he was in turn music-hall comedian, conjurer, and finally member of a circus troupe. For such a picturesque calling the name of Henry Isaacs was much too prosaic, not nearly grand and colourful enough; but even the most adroit quick-change artist could not do much with 'Henry' and still less with 'Isaacs,' but 'Barnett,' a name which frequently occurred in his family, was more promising, and 'Barnato' did indeed sound as if it belonged to the circus, even more exotic than Barnum. But in spite of the apt name his artistic career did not last very long; walking the stage did not turn out so profitable as he had thought, and after all walking the diamond fields seemed to promise a greater future; so he once more, and for the last time, swapped horses – and became a Kopje walloper. The new career looked like becoming a success, so much so that he suggested to his younger brother that he should come out. Accordingly in July 1873, young Barnet Isaacs, who now called himself Barney Barnato, arrived in Cape Town after a twenty-seven days journey in the Union Steamer *Anglican*.

In addition to the fifty pounds in his pocket, he had brought many good qualities from England; he was pleasant, witty, had a good grasp of opportunities, an unshakable

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self-reliance and enormous industry. This credit side was countered by a complete absence of manners and an absolutely unsteady character. He had attended the Hebrew Free School till the age of fourteen, and had then helped his father in the shop – so that he had not learnt very much apart from play-acting. His many visits to London theatres not only had cost the youthful enthusiast anything, but in his clever hands they even became a source of income; from the theatre-goers who went home early he begged their pass-out checks, which he was able to dispose of for a few pence to others who wanted to have a look at the last act. On one occasion instead of the two-pence asked for, he received from a client by accident two shillings. ‘What did you do?’ he was asked when he told the story. ‘Do? Do? Why, I never stopped running until I had put eight streets between me and the theatre.’ In addition to those financial transactions, he managed during those years to learn the whole repertoire of the then youthful Henry Irving by heart.

This astounding mixture of very great virtues and great faults did not become steadied into mediocrity; his complete lack of restraint in both directions never enabled him to find a middle line. At no time, however, was he in fact the footling idiot and unscrupulous manipulator he was so often represented to be. – The description ‘tragic’ is facile and often misused; but Barney Barnato, whose memory still evokes a constant smile, had in his life – not in his death, which was perhaps nothing more than a technical error – something really tragic.

His first adventure in South Africa was a story with a moral – even a very good one. (Particular care must be taken in telling anecdotes about Barnato’s life, especially when he himself is their author; he was a master at inventing them when the situation seemed to call for them.) Just as he was on the point of leaving by ox-cart for Kimberley, he met a London acquaintance who urgently advised him to

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return at once to England – that the finds of diamonds had always been much exaggerated, and that they had completely stopped now. As may be expected, fifteen years later Barnato again met the kind adviser, who in the meantime had lost everything, and to the question as to how he had managed to get on so far that he now stood at the head of the industry, Barnato replied, ‘By not following your advice and going to Kimberley all the same.’

Barnato’s first associate in the diamond fields was Louis Cohen, a particularly cheery and witty gentleman; in view of the similarity of their characters it was not possible for the partnership to last long. In one respect Barnato had especially bad luck with his partner, for after a not over successful career in Kimberley and the Rand Cohen took to writing Memoirs, and Barnato does not cut a specially good figure in them.¹

After this initial adventure the two brothers combined, and in 1874 with very modest means started in Kimberley the firm of Barnato Brothers, Dealers in Diamonds and Brokers in Mining Property.² In so far as it is possible to speak of a division of labour in such a small concern the elder brother attended to the office, and Barney called on the clients. Gradually a change came over the position of the two partners inside and still more outside: whereas at first the question had been, who was the industrious young man who was on his feet from early morn till dewy eve, and the reply came, ‘that is Henry Barnato’s brother,’ soon the answer was, ‘that is Barney Barnato, Henry is his brother.’ From this time onward, Henry was not seen much; the firm meant Barney, and later on the nephews.

The combination of indefatigable industry and a quick grasp of every opportunity as it arose was bound to meet with success in a place like Kimberley – at any rate up to a certain point. Barney, a whale for work and in those days thrifty to the point of avarice, had by 1876 managed

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to acquire the relatively large capital of three thousand pounds. — A number of possibilities thus presented themselves to the young man: he might go on as dealer on a larger scale, he might return to England — for a man of his class he had grown immensely rich — he might, like so many who were not accustomed to possess money, have more or less quickly speculated it away in Kimberley or lost it in other ways. He did not do any of these things — he invested the whole of his savings on a deal which was open to anyone who had three thousand pounds to put down — he bought a claim, not for the sake of speculation and to be able to sell it later on at a profit, but for the sake of owning it.

The more far-sighted among the diggers and claim-owners were by the end of the seventies of the opinion that the prosperity of the industry would be ensured only if the number of producers, and hence also the number of sellers of stones, was more and more cut down, if individual management gave way to combination. Barnato was one of the very first to see the coming of this development, but as he had the support of no great concern and disposed of no capital other than that which he had acquired by the sweat of his brow, it sometimes required almost super-human efforts to surmount the financial obstacles. 'No one ever knew or ever can know how hard I worked for it all. If I have made millions I have worked for them as few men ever can have worked.' He spent nothing on himself, invested everything he earned in claims selected with care and according to plan, and began to make money far and away above the rate usual even in Kimberley.⁸ This was the beginning of his huge, almost fantastic rise, and at the same time his tragedy.

Rumours can never be caught up; calumnies are at first trifles light as air, but develop gradually into an all-destroying tornado. — Again and again it was whispered that the claims could not possibly be so rich, that Barnato



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'had some means of finding diamonds that other people had not' – that the claims were nothing but a cover for his subterranean business. At this initial stage it would have been possible to find ways and means, such as are at the disposal of every honest business-man, to counter these malicious slanders. But not only did Barnato not deny them when there was still time, it even gave him pleasure that people should talk about him at all. In after-years, when it was too late, he was more alive to the lack of a good reputation. – Amongst his peculiar principles, one was never to deny anything that was said about him. Friends, who urgently asked that he should defend himself against quite obviously untrue insults, received the reply that it was no use. 'I have had hundreds of men come to me for details of my career. . . . If I told them the truth they wouldn't believe me; if I didn't tell 'em anything at all they would go off angry and try to write nasty things. So I let them talk, find out what they want to hear, and then tell it to them; and they believe it all and go away and say, what is, perhaps, the only absolutely true thing they will say, that I am not a bit ashamed of my origin, and never put on side,' and he would add with a laugh, 'if they say I have murdered my father and robbed my sister, there is nothing new in that, it has all been printed before.' – This superiority to mud-throwing might be all right in a man who is conscious of his own integrity, and confident that in time the truth will come out, but the little Barney, who had already made many mistakes, and who was going to make so many more, could not go in for such luxuries. So it is not surprising that the rumours about him did not stop, even when Rhodes with the full weight of his personality stood up for him. Nothing positive could ever be laid to his charge, 'but it came near to him – near enough for the censorious.' . . .

Barnato's next step in his policy of concentration was to make one homogeneous whole of his various claims and

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form them into a joint stock company which he called the Barnato Diamond Mining Company; ⁴ this was later merged in the Standard Company; then followed the acquisition of Stewart's six claims for which – 'one cannot pay too much for a good thing' – he paid a hundred and eighty thousand pounds. The industry was on the downward road, and the ostentatious purchase at this sensational record price proved to be a support for the whole of the market: the waning confidence was gradually restored, and the intervention which he had so purposefully made was never forgotten. For himself personally the transaction had a very important result: for the first time he had made a reputation.

The merging of all his widespread diamond interests in the Kimberley Central Diamond Mining Company was his next move. It was at this stage that Rhodes and Barnato came face to face.⁵

The completion of the great amalgamation, with Barnato as one of the four life governors, gave his life an enormous upward sweep.

At the first Annual Meeting (19th July 1889) of the new De Beers Consolidated Mines, Barney Barnato as Rhodes's representative was in the Chair. The whole of the financial world looked forward eagerly to his speech; he had known for many weeks beforehand (Rhodes was in England) that he would have to speak as Chairman, but with his typical lack of concentration and his easy-going ways it had been impossible to induce him to try and master the enormous mass of documents and figures before him. Two days before the meeting he arrived at Kimberley from the seaside, and even then his cousin, Sir David Harris, had the greatest trouble to get him down to work. But when Barnato, undoubtedly a man of genius, began to speak in

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the midst of an outburst of applause, he showed himself completely equal to this the greatest occasion of his life. He presented a clear statement of the position of the Company, gave a picture both colourful and matter-of-fact of the new industry, spoke easily, without effort and almost without notes, dealt adroitly with every interruption, and was at home in the complicated welter of figures. As to the future, he was full of optimism, but at the same time warned the shareholders 'not to get mad and go outside and buy shares'; to Rhodes he referred as 'a man capable of holding the position of Chancellor of the Exchequer of England,' and had completely forgotten that there ever had been a fight against him and De Beers. — On that day this tragic man rose to his highest level. He had shown that after all he was more than a lucky speculator, and that he was a master of finance, if at times a somewhat peculiar one. Not only the sympathetic Sir David Harris was enthusiastic about the speech: 'he spoke wonderfully well, tackling his subject with the vigour of a good and wise debater'; even the critical *Financial News* reported (13th August 1889): 'These figures might in the hands of an ordinary man have had no significance, but, handled as they were by Mr. Barnato, they at once assumed an importance and a charm which only men of grand imaginations and conceptions can give.' He had developed faculties which not even his most intimate friends had expected from him.

If he had been a really *great* man, he would not have attached petty conditions to his consent to the amalgamation, he would have been satisfied with the personal and financial success which went far beyond anything that even his optimism could have led him to expect. Did his vanity, a clog which hampers so many men who have become great and successful, run away with him when he aspired at the dignity of Member of the Cape Parliament, which was bound to drag him, who had always had many enemies and had now still more people who were envious of him, into

the bright light of publicity? Rhodes sponsored him, but he himself was responsible for the risks he incurred; he could not have any possible doubt as to what really serious men thought of him. The open and secret attacks which had just begun to drop off, now received a widely visible objective, and they started anew immediately on the nomination of the candidates. At an electioneering meeting John X. Merriman, who was no windbag but a man of standing, had made the statement that 'men are being put forward for election who, if returned, would be a disgrace to any society,' and when a member of the audience called upon him to give the name, he had replied, 'I am not such a fool as to render myself amenable to the law of libel.' But everybody knew whom Merriman had meant. — It could be but a poor consolation for Barnato that at another meeting, when he again had to deal with the many wild accusations which passed from mouth to mouth, a supporter of the Opposition candidate got up and called out to Barnato, 'Why answer all that? It was only camp gossip, and we knew there was no truth in it.' — The attacks from all sides finally became so strong that Rhodes had to interfere. Certainly Rhodes was capable of any determined action when his interests and his ends were at stake, but we may rest assured that he would not have recommended a candidate to his Party, still less that he would personally have sponsored him, if he had not been convinced that his protégé was irreproachable according to the usual standards. Rhodes accordingly called an election meeting, and from the Chair he addressed it in the proud words, 'Mr. Barnato has been accused of being devoid of honour . . . if he is good enough to be a co-director with me, he is good enough to represent us in Parliament.'

Barnato himself does not seem fully to have grasped the awkwardness of the situation; he was more interested in the actual fight which appealed to his sporting instincts. Enormous propaganda had been made on both sides, newspaper

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scandals and libel actions had cropped up – and that amused him. ‘Ah, that was a fight as no election had ever been fought in South Africa before and I came in at the head of the poll and then no dog barked,’ but this was a mistake, for the barking never stopped. – At another meeting there was a great uproar; everybody shouted together, so that the candidate should not be able to speak. With truly Barnatoan adroitness he had recognised – and saved – the situation when in a quiet moment he roared, ‘If you won’t listen to my speech I will give you a recitation,’ and Rhodes’s co-director on the Board of De Beers actually entertained a rebellious audience and eventually brought it over to his side by continuing to recite soliloquies from his repertoire until he eventually felt that he had the meeting with him and was allowed to begin his political speech. It is possible to have varying views as to this impromptu – but it succeeded.

He was too clever to make a speech in the House immediately after his election; he took great trouble in studying his new surroundings, in getting to know Parliamentary customs, and when two months later he made his maiden speech, even his opponents had to admit that he had spoken aptly and calmly, expressed himself well and to the point, altogether in a way which would have done honour to any old Parliamentarian. It was a complete success. As soon, however, as this incalculable man had seen that the whole thing was not so terribly difficult, he at once felt an urge to attract attention by some stupid joke or other; he went to his seat smoking as if lost in thought, and found the very greatest pleasure in shocking ‘the very staid members’ in every way – in short, he never quite succeeded in shedding the Cockney. On another occasion he made a quite excellent speech, well thought out and full of fresh wit. The Cape Liquor Law was under discussion, according to which the sale of alcohol on Sundays was permitted only as an accompaniment to a substantial meal. ‘Last Sunday,’ he began,

'I took a long walk, busily engaged in mentally reviewing the course of business of this Honourable House.' He told them how, deeply occupied with these thoughts, he had wandered on much farther than he had intended, and when he felt an appalling thirst, he had gone 'into a decent and most respectable hotel for refreshment'; but the landlord had nothing ready to eat except roast pork. What was he to do? If he had eaten the roast pork he would have broken the law of Moses, if he had drunk beer without the prescribed meal he would have broken the law of the land; 'between the Chief Rabbi and the Chief Justice I stood in a very awkward position' – but he was much too clever to say what he had finally decided to do.

As a member of the Kimberley District Council he had long ago shown his concern for public improvements and general advancement. Among the population the ever good humoured man who disliked ostentation of every kind, was much liked – opposition and attacks came only from his own camp. To all outward appearance it seemed that he now also put aside the never ceasing suspicions with a joke, but deep down he was much hurt, and he felt it deeply that he was still looked upon as an outsider; 'how many times . . . I have felt inclined to quit Kimberley and South Africa for ever.' He had made more than enough to enable him to lead in England or elsewhere a life which suited his inclinations; amongst these was sport in every shape. He remained true to his love of boxing and from the early days on he had helped on horse racing in South Africa; from 1895 on he had a few good horses in Joe Cannon's care at Newmarket, and his stable was managed by Lord Marcus Beresford, the adviser of Edward VII and subsequently of George V in Turf matters; Barnato won several quite good races, without, however, attaining to any classic honours; the next generation was more successful. Pictures too he occasionally bought, but without pretending to understand anything whatever about Art; he had hung

up a 'Group of Sheep' by Sydney Cooper in his study, 'because one of the blessed sheep looked exactly like me.' He never read a book – not till the last months of his life could he be induced to pick up Kipling's *Story of the Gadsbys*; the tale held him to such an extent that he forgot to turn up at a Board meeting; but he never could be got to read another book; 'it takes up too much time,' he thought, 'I have hardly time to live.' One day he had a talk with the faithful Raymond,⁶ which shows clearly both his total lack of education and his sharp wits. 'If a man is going to hit you,' he explained, 'hit him first and say, "If you try that, I'll hit you again."' It is of no use your standing off and saying, "If you hit me I'll hit you back." D'ye understand?' – 'Yes, I understand,' replied Raymond, 'but you are quoting Kingsley in *Westward Ho* . . .' – 'Who was Kingsley and *Westward Ho*?' he sharply queried. When Raymond had told him, Barnato replied, 'I did not know anything of Kingsley, but when he wrote that he knew what life was and he was right, though it is queer for me to get a supporter in one of your parsons.' Nor did he ever make the slightest attempt in any way to cover up his ignorance. . . .

After the amalgamation hundreds of the most adventurous men had left Kimberley, for the merger gave no scope for free initiative, and the diamond fields had nothing left to offer to a nature like Barnato, who was ever on the look out for new ventures, who 'could not dawdle, could hardly rest.' Even in those early days a friend of his said that 'some day such a bundle of quivering nerves must snap, either life or brain must go,' and that 'no creature of flesh and blood could endure the strain which he bore and recklessly courted.' And now a new dawn was beckoning from other shores.

Like Rhodes, Barnato did not at first want to listen to the call of Gold; he had no confidence in his own geology with regard to the Rand, although it had proved so profit-

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able in the diamond fields, and his experts failed him. By November 1888, however, he had come to the conclusion that he had not been well advised, and he took matters into his own lucky hands. At a dinner in Johannesburg he made a speech of self-introduction, saying: 'I came here first some ten months back, and I will confess that I did not then form a bright opinion of the goldfields. Now things are altered, and I am already convinced that Johannesburg will soon be one of the greatest and most prosperous towns in South Africa. . . . I have very little interest here and nothing to sell; but I hope to have very large interests shortly.' ⁷ - This seems to have been a return to his old mistakes, an attempt to try and bluff - this is not the way a business-man talks when he wants to buy, although he may do so after he has bought. 'I came for a visit but I shall stay for months, and I look forward to Johannesburg becoming the financial Gibraltar of South Africa,' he closed his speech, and among the many professional and unprofessional prophets it was Barnato who in these words uttered the correct prognosis. - He acquired gold mining interests on a large scale towards the end of 1888 and beginning of 1889 and bought every property that was offered.⁸ He attended to everything himself - vast financial plans and individual deals; he never trusted to verbal reports, 'I must look into everything that concerns me for myself,' and this constant work, combined with a mode of life which got more and more irregular and unrestrained, made him neurotic - and finally his nerves completely got the better of him.

If the matter is looked into closely, it will be seen that Barnato did not choose the most favourable time for buying. In April 1889 he might have bought much more cheaply, for by then prices had completely collapsed, nor was the time for the laying of the foundation-stone of the Barnato Buildings ⁹ by Mrs. Barnato ¹⁰ well chosen. - The opening speech which he made on this occasion began with the

unconsidered sentence, 'I tell you here now that I have never made any mistake in speculation or in the investment of money'; a man who wants to be taken seriously must not give expression to such a thought, even if he is convinced of its correctness. 'I prognosticate,' he continued, 'that so far as I am concerned, though things are gloomy and the clouds are thick, the sun of prosperity still shines behind them and will ere long burst forth again in all its glory.' It is only too obvious that the wish of a man who had bought – and had bought at too high a price – was father to the thought, and the close of the speech sounded in fact like pure propaganda; 'I do not want you to speculate on the strength of my words, but remember, my honest conviction is that you have a bright future before you in this place.' These are the words not of a financier to his audience, but of a speculator, a disappointed 'bull,' who calls upon his followers to help by their continued purchases to raise the level of prices.

But words alone cannot hold up prices which have begun to waver. The crisis of 1889 rested on quite concrete foundations, and it was not excessive speculation alone which was responsible for it. Costs went up, profits went down, and considerable doubt made itself heard, whether the hopes founded on the Rand had not been wildly exaggerated. The slump increased, and could not be stayed even by Barnato's urgent plea, 'the gold is there, in the earth, beyond a doubt; money and patience will overcome all difficulties here as they did at Kimberley.' Every speculator, unless he has happened to buy a complete wild cat, will at some time or other see again the price at which he bought; few will be found lacking in the necessary *patience*, but the *money* required again and again to pay the differences will not be so plentiful. It is easy to follow the information of big people, but only if they also put the money at one's disposal to hold out long enough.

These were sidesteps, and sidesteps were a thing of

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which Barnato always was capable; a man who claimed, and thanks to his achievements was justified in claiming, to belong to high finance, should have found other means of relaxation than in the evening, after the most important negotiations relating to the creation of a new industry, appearing as actor on a not very high-class stage and playing Othello, Macbeth or – Shylock. His best friends called it ‘light-hearted geniality,’ but others said ‘irresponsible frivolity.’

In spite of such great weaknesses, his financial gifts were so outstanding that in the mining industry, and still more on the Stock Exchange, he was a factor who could not be neglected. Even in London, the centre of speculation in mining shares, he was such a power that his assistance had to be called in when a market had to be made in a new issue. In his amazing *naïveté* he admitted himself that he had ‘made more money by aiding and frustrating the plans of others, operations in which he never appeared at all, than by the long years of unremitting attention to his own projects.’ Quite apart from the fact that a really great business-man has no wish to earn money ‘by frustrating the plans of others’ – he certainly would not talk about it.

With his pronounced flair for Stock Exchange movements, Barnato made quite enormous sums during the big booms; those years of harvest made him a multi-millionaire. But blinded by his success, he had lost all sense of proportion of what the speculating public will put up with – and that surely is not a little. It showed, to say the least of it, a certain disingenuousness to want to found a bank – which was not even a bank, for it was not to receive money on general deposit to be paid out by cheque. The Barnato Bank, Mining & Estates Company ¹¹ did great harm to the reputation of its sponsor. All the unsaleable stocks which in the course of years had been collected by Barnato Brothers, were passed on hugger-mugger to the new Com-

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pany which could never have been formed except at a time of boundless over-speculation. Although no one knew or could know what were the assets of the concern – during the bare two years of its existence, neither reports nor accounts have ever been published and the shareholders not once received the slightest information from their company – yet the pound shares of ‘Barneys’ became a favourite gambling counter, and in September 1895 stood at three and a half. Once this abortion had come into being, Barnato did the wisest thing he could, and in 1896 merged it without a word with the Johannesburg Consolidated Investment Company.

Barnato also had a great following in Paris, where he used to put up at the Hotel Continental and dispose of parcels of his shares to the Haute-Banque and the ‘Coulisse’; as an experienced man of the world he knew that in the French capital other means were needed to bring success than were necessary in London, and the first to receive his tips in Paris were the merry ladies he visited, and he was satisfied to leave the rest in their fair hands. . . .

Towards the latter part of 1895, in September, the house of cards began to tremble; from somewhere or other large blocks of shares were thrown on the market, no one knew whence they came, nor could subsequent investigations shed definite light on the question whether they came from a well-informed quarter which knew rather too much about the political schemes. Barnato, usually so quick of hearing, seems this time to have lost his market instinct; he did not believe that a serious set-back was coming, and in his optimism he was one of the courageous ones – and probably the strongest of them all – who tried to stem the approaching avalanche, but unavailingly. In October the fall had become a slump, which was followed by a decline lasting roughly one and a half years.

It is not quite clear what trend of thought moved Barnato in those days, for at other times he was dispassionate,

almost timid. As an experienced and shrewd speculator he ought to have seen that not alone the desire to realise on the part of the over-anxious could be the cause of such a fall in prices. It is certain that for a long time Barnato knew nothing of the plans which were being concocted in Johannesburg; the reasons for not taking so strong a man into confidence must remain an open question; perhaps the ringleaders feared a refusal, perhaps they distrusted his discretion, perhaps other reasons swayed them, and the steady buyer, who would have acted differently if he had known, was a godsend to them. Later on Barnato thought he knew from what camp the sales came, and he felt that he had not been rightly dealt with. . . . It is true that his continuous purchases could not stay the fall, but every now and then they helped to support the market. This gave many a chance of parting with their holdings at not too low a price, and Barnato's intervention was their salvation. He himself made enormous losses; the figure of three million sterling was mentioned, and this sum is not at all improbable. — Unexpectedly — and surely he did not himself expect it — he suddenly found himself cast for the rôle of saviour of the situation, of the market and of business, and was publicly fêted as such. On the 7th November 1895 Sir Joseph Renals, the Lord Mayor of London, gave him a banquet at the Mansion House 'in recognition of his exertions to keep up prices and preventing a panic.'

Such an honour should not be grudged to Barnato who did not meet with too much outward success and esteem, and it must have been an edifying and satisfying occasion for him to be the guest of honour at the historic residence in the City — barely half a mile away from Aldgate — which he had left just over twenty years before. But whether this celebration rendered him a real service is very doubtful. If the occasion for the banquet was peculiar, the proceedings at the dinner were just as curious. The host felt himself called upon to mention in his speech that he had

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received numerous anonymous insults because he had given this banquet, that is to say, had invited Barnato; the guest of honour himself did not correctly appreciate his surroundings and the obligation for restraint entailed thereby – from the lofty platform of the Mansion House he made a speech which was all too clearly directed at Throgmorton Street; quotations had stood in great need of support, and so the speculator who had become the saviour *malgré lui* pointed out that really there was ‘no cause for fear and no cause for alarm’ anywhere, he prophesied further extensive veins and a huge increase in the production of gold – all strictly accurate statements, but compared with what was still going to happen on the Stock Exchange, the prices of that day must be considered as distinctly bullish. – Barnato had many enemies, but the greatest of them all was ever himself.

The formal tone which ruled in the City did not come natural to him, and so he was always conspicuous and gave offence; Johannesburg, a town in the flower of its youth, with its ‘light-hearted, reckless and enterprising’ *milieu*, suited him better; there he could take part in everything, and even on the Stock Exchange he was a power, since the majority of the Johannesburg Exchange & Chambers Limited¹² had passed into his possession. After all, Barnato had gradually come to be somebody in South Africa.

With Kruger he was on the very best terms; himself an industrious man, the President appreciated the fact that Barnato did not give himself airs, did everything himself; ‘when Mr. B. wants anything he always comes to see me himself and we talk it over’; the others always sent a Deputation to Pretoria, ‘unless they want to talk about what they call their rights, and then they all come together,’ and franchise was a matter with which Barnato was not in the least concerned. He had his own views in the matter, diametrically opposed to those of the other mining lords.

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'The Transvaal Government,' he considered, and so he told others – but unfortunately he was a voice crying in the wilderness – 'is like no other government in the world. It is indeed not a government at all, but an unlimited company of some twenty thousand shareholders, which has been formed to exploit a large territory, and after being unable for thirty years to pay any dividend or even to pay its clerks, suddenly struck it rich. There was neither capital nor skill in the company itself for development, and so it leased the ground to those who had both.' And just as he himself was anxious to do the best for his shareholders, so it seemed to him right that Kruger should look after his own shareholders, the burghers. 'They had a hard time in the early years, and he thinks they are entitled to all they can get now. That is all right and quite in my line.' So also he looked at the franchise problem from the point of view of a limited company: 'If I had a company going on all right and shareholders satisfied, do you suppose I would do anything that would bring in a lot of fresh shareholders?' Delightful as the comparison may be, and however much to the point in a way, yet the somewhat complicated conditions were not quite so simple; but as far as he himself was concerned, he acted on his opinion. The little Barney Barnato, on whom many still looked down, and who certainly liked to make as much money as he could, refused in any circumstances to turn his nationality into a money-making affair. He was proud of being an Englishman, and no kind of advantage would have induced him to forswear his allegiance as a British subject. With risings and revolutions in particular he refused to have anything to do and they were quite decidedly not in his line. So he was one of the very few who had not joined the Reform Committee – S. B. Joel, his nephew and partner, had become a member.

About the critical time, the turn of the year 1895–6, Barnato was in Johannesburg, and his presence caused a feeling of security. Immediately after the Raid and the

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arrest of the Reformers, he intervened in the most energetic manner – being in a position to intervene, for he was one of the few who were not in the least compromised.

Although for many reasons he had every ground for resentment, yet he made the cause of the accused his own. The way in which the proceedings had been conducted aroused his deepest dissatisfaction; he did not understand how the ringleaders could have pleaded guilty; in his view it was ‘an act of suicidal mania, it was throwing up the game, it was throwing every chance away,’ and with considerable indignation he told Kruger ‘that no civilised Court would ever accept such a plea to such a charge.’ When the judgment was pronounced,¹³ which sentenced Lionel Phillips, George Farrar, Hays Hammond and Frank Rhodes to death and condemned the rest of the Reformers, fifty in all and S. B. Joel among them, to two years’ imprisonment, Barnato, present at the trial, with his accustomed originality took matters into his own hands. The first thing he did was to pour out of the inexhaustible store of his most strong language such a flood of insults on the head of Judge Gregorowski that the latter had no chance of getting even a word in edgeways, nor did Barney stop till he was out of breath; not till then did the Judge find an opportunity of replying ‘Mr. Barnato, you are no gentleman,’ but the latter’s quick and witty repartee, ‘You are no judge, Mr. Gregorowski,’ left him victor on the field. – During the drive to the station he apostrophised in his excitement the armed burghers standing around, shouted out to them that they and their President might, for all he cared, . . . and behaved altogether in such a wild manner that, on his arrival at Johannesburg, friends awaited him at the station to warn him that news had already come through that he must be prepared to face an accusation of defamation and contempt of the Government. In the meantime, however, he had completely cooled down, saw what he had done, took a special train to return to Pretoria,

where he apologised in due form. This was Barney Barnato all over!

Then, however, after this interlude, he took the matter in hand properly, and in carrying it to its conclusion even his opponents had to admit that as a man, a patriot and a business-man he had acquitted himself brilliantly.

He at once went to Pretoria to see Kruger, and it is said that he used language there such as Heads of Governments do not often hear. Without mincing his words he informed him that unless something was done and was quickly done, he would close down his mines, whose expenditure amounting to two hundred thousand pounds a month would be lost to the Republic, and that he would 'throw more white men idle than you have burghers in the State.'

Immediately after this conversation he returned to Johannesburg and from the Station itself made a fearless speech in which he attacked Kruger and the conduct of the proceedings in the most inflammatory language. Then he adjourned all the meetings of his Companies which had been called, and so as to show that he absolutely meant his threats, Barnato Brothers announced in the newspapers that all their 'landed properties in this State will be sold by public auction on Monday May 18th 1896.'¹⁴

This kind of talk appealed to Kruger, much more than any diplomatic interventions. He at once asked Barnato to come and see him, and in this second conversation he already promised to do all he could to get the sentences mitigated; but he asked for time to propound his views, as owing to the Raid some of his burghers had become irreconcilable. Barnato agreed, and extended his notices. By the 11th June the prisoners were free!

Barnato had achieved more than anyone else and he was justified when he proudly said, that 'No one else could have done what I have done.'

When, however, the prisoners were free, there was no reason why he should keep back his views as to the political

adventure. 'The conspiracy was a crime.' He told them that in a few years' time everything would have come right of its own accord; he thought that the claims put forward were ill-considered and silly. 'It cannot be expected that a Dutch Government will treat its own language as a foreign one,' and as regarded the franchise, his opinion was that nobody had come to the Transvaal to vote, 'they came to earn money' and for no other reason; not one of them would have taken the oath of allegiance – he least of all.

And now at last he had achieved the great desire of his whole life; he had become a great man whose greatness was above any attack – but already his day was drawing towards evening.

In July 1896 he went to London,¹⁵ where his time was completely taken up with business. Early in 1897 he went back – for the last time – to South Africa. During those months he worked enormously – even more than usual. Up to then his health had been excellent, but now he began to complain of fatigue. 'I can't forget the work; it is too much now; I feel it, and yet I can't leave it off.' He spoke quickly, loudly and continuously, and his companions, although accustomed to much in this respect, began to get anxious. 'Twenty minutes with the gloves every morning' would do him good and he was advised to read a book for once, as this would divert his thoughts. At night he found no rest, although till then he had been able to sleep at any moment and in any position. Thoughts of his work followed him even in his sleep; 'I go to bed with it, sleep with it, dream of it and wake up with it'; no worries oppressed him, 'I know how all my work is shaping, and everything is going all right.'

At times of depression, however, he suffered from the delusion of having lost all his money and being absolutely penniless. Threatening letters, both real and imaginary, startled him in the middle of the night, and he left his bed and without dressing hastened to the house of a friend near-

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by, saying, 'they are after me,' and more than ever before he gave in to his tendency for over-indulgence in alcoholic stimulants.¹⁶

All these were indications of a serious state of things, and something had to be done; gravely ill, he was induced to have a complete change of surroundings, and he agreed to take a holiday trip to England. On the 2nd June 1897 the little company – Barnato and his wife as well as his nephew S. B. Joel, whom Mrs. Barnato had begged to come with them, as her husband caused her the utmost anxiety – embarked on the Union liner *Scot*. Among the passengers were Sir Henry (Lord) de Villiers, the Judge in the Kimberley Central action, and Sir Gordon Sprigg, Prime Minister of Cape Colony, both on their way to the Diamond Jubilee celebrations.

Twelve days of the journey had gone by calmly and without incident; in the afternoon of the 14th June Barnato had a lively talk with Sir Gordon; his manner 'had been somewhat strange,' but what he said was perfectly rational.

An hour later he had a walk up and down the deck with his nephew; in order not to tire the patient, Joel after a while suggested a rest, but Barnato insisted on going on walking. In the middle of the conversation he suddenly asked what time it was, and without waiting for the reply he jumped overboard.

T. W. Clifford, the Fourth Officer, who was standing near, at once plunged in after him.¹⁷ 'Mr. Barnato had a good idea of swimming as he kept up so well,' he testified at the inquest; there could therefore be no question of a deliberate attempt at suicide.

When the telegram which Sir Gordon Sprigg sent off at Gibraltar arrived at the Cape, consternation and mourning reigned everywhere; the Legislative Assembly adjourned 'as a mark of respect for the genial and popular member.'

On the 19th June the restless man was buried at Willesden

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Cemetery; amongst those present at the last rites were Alfred Beit, Sir Frederick Eckstein, the son of Sammy Marks, the brave T. W. Clifford and Lord Marcus Beresford.

His Will was dated the 6th February 1896; on the 6th October of the following year *The Times* published: 'Mr. Barnett Isaacs, commonly known as Barnet Isaacs Barnato, of Johannesburg and of Barnato Brothers, left personal estate valued at £960,119 2s. 3d. There are no bequests to charities.' ¹⁸

There is no doubt that Barnato would have left much more if he had not died at a time when prices were very depressed, but it must be remembered that he had previously settled large sums on his firm, a fact which subsequently involved the latter in unpleasant complications. ¹⁹

Even taking into account the fact that the share in the business, the most valuable asset, passed to the partners – still Barney Barnato's estate was not so very large, and thus the family had 'not been left very well provided for.' On this ground Rhodes and Beit agreed to pay voluntarily to the widow Barnato's share arising out of his life governorship of De Beers – it would have been his first, for not till 1896 did De Beers exceed the dividend rate of thirty-six per cent, ²⁰ and during his lifetime Barnato received no income from the position which he had so strongly coveted. Le Sueur must bear the responsibility for the statement that the firm had claimed and received the amount from the widow 'as Barnato's account was largely overdrawn.'

In spite of his strongly developed speculative trend Barnato was always a cautious, even a timid man. At first glance this statement seems to be a contradiction, which, however, disappears on closer study. Barnato, owing to his very position as a leader of the speculation, was, no more than say Alfred Beit, a 'speculator' in the usual sense of the term; there is a very appreciable difference, in the hunting field of the Stock Exchange and of speculation, between being among the hunters or among the hunted. Barnato

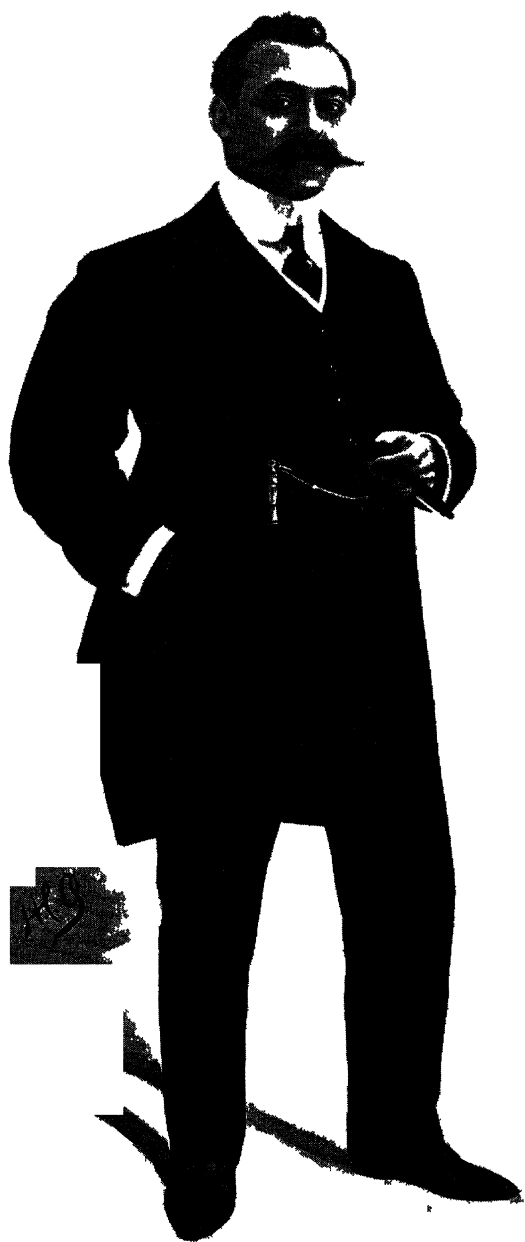
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was a hunter, and *could* be cautious. But even he – after the great mining boom – fell off his horse, other hunters had become masters and had driven Barnato before them down the steep declivity. He did not live long enough to be able to regain the saddle.

THE JOELS

Long before Barnato had any children of his own – his son, now Captain Woolf Barnato,¹ was only two years old when his father died – he had, if not legally, yet to all intents and purposes, adopted the three sons of his eldest sister Mrs. Joel,² and had trained them to be his successors. Woolf, the eldest, who had come to Kimberley as quite a young man, differed from his uncle in that he was highly educated and extremely well read, but resembled him in that he shared his financial gifts and his clearly defined flair for business possibilities. Calmer and more thoughtful than Barnato, he became his strong support in the building up of the firm, rendered valuable services during the negotiations with Rhodes for the great amalgamation of the diamond mines, and together with his uncle joined the Board of De Beers. After Barnato's death the management of the firm passed into his hands – for rather less than a year.

In the middle of the nineties 'a desperado of charming manners and dubious purposes,' a swindler on a grand scale, who had already passed through various Courts in Europe, had been the cause of much talk on the Rand; his name was Kurt von Veltheim. In Johannesburg he had tried to get into communication with the leaders of the mines, and talked of a secret political mission with which he had been entrusted. Amongst others he visited Sir Percy Fitzpatrick at the offices of Wernher Beit & Co., but his obscure hints at information met with little sympathy, and before withdrawing he 'toyed for a moment with a revolver in a sinister way.'³ In various ways he tried to blackmail Woolf Joel;



S. B JOEL

Vanity Fair

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in order to get hold of him he was invited to an interview in the Barnato building on the 14th March 1898, and there Woolf Joel and Harold Strange,⁴ Barnato's manager, awaited him – all of them armed. After a short discussion in Joel's room it came to a three-cornered duel, during the course of which Woolf Joel fell, hit by three bullets.

Neither the subsequent proceedings nor their result did anything to clear up the affair in any way; S. B. Joel, who had also received threatening letters from von Veltheim, and Harold Strange gave evidence; the latter, the only eye-witness of the occurrence, made the most important statement: that Veltheim had made demands in writing, which he had repeated at the interview. They were refused, whereupon Veltheim 'fired point-blank' at Woolf Joel. Strange, who had previously removed the safety catch of his revolver, fired at Veltheim, but missed him; then followed some general shooting, till Joel fell.

There was a sensation in Court when Veltheim was asked whether his act had any political significance, whether it was done in the interests or at the instigation of a Great Power 'to bring about a change of government,' and answered, 'I am fighting for my life. I refuse to say what Great Power.'

After a hearing lasting eight days, the Jury returned a verdict of 'not guilty,' and when the Judge announced it, he added, 'I must say I am astonished at the verdict and do not agree with it.' When the hearing was over, Veltheim thanked his Counsel and held out his hand; 'I got you off,' replied the latter, 'but I don't shake hands with you.'

Immediately after the verdict Kruger had Veltheim arrested and escorted across the frontier.

Woolf's body was brought to London and buried at Willesden Cemetery;⁵ he had survived his uncle only about nine months.

Solly (S. B.) Joel,⁶ who now took over the management of the firm, had grown up under more settled conditions, and

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had found the basis of success, always so difficult to build up, already so solidly laid, that his task as inheritor was comparatively easy. Although not a great financier himself, with nothing of the genius of Barnato – in other respects he was more like him than any of the other nephews – yet during his leadership and thanks to good collaborators, among whom were William and Henry Rogers,⁷ Barnato Brothers grew to be a firm of position.

S. B. Joel's personal business predilections tended to diamonds rather than to the gold mines, which did not particularly interest him and to whose management he gave less attention. When the Government Areas were offered for tender in 1910, the great firms had come to an agreement to make a common offer. Barnato Brothers had not been invited to take part in the preliminary negotiations, not with any intention of excluding them, but because the firm had lately not shown very much interest in the Rand, and it was assumed that they would not care to take part in a new great venture. George Imroth⁸ was able to interest S. B. Joel in the scheme, although the latter at first hesitated strongly, as his technical advisers were of the opinion that it was impossible that there should be any paying gold in the Areas. Imroth, however, was undismayed, and when Joel had eventually been got into an optimistic frame of mind, he made an offer higher than that of the other firms. With energy and speculative daring Joel took the venture in hand, refused to be daunted by any failure, poured more and more money into the soil and gave the hesitating and disappointed engineers instructions 'to go on until they found payable reef' – which they did in the seventh year, and it turned out to be of such an extent and such richness that the mine developed into the largest profit-earner of all gold mines in the world. Once again, as on so many previous occasions on the Rand, speculative perseverance had won the victory over the sober considerations and doubt of the experts.

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The love of the theatre and everything connected therewith must lie in the blood of the Barnato family; Solly⁹ and Jack¹⁰ Joel were similarly infected with it. Love of sport also was a legacy from their uncle, but in the more adroit hands of the nephews it developed differently. Solly had had a racing stable in South Africa, his horses made their appearance on the English turf in 1899, and his stud at Maiden Erlegh was famous. Both Solly and Jack achieved classic success by winning the Derby.¹¹

In spite of the great claims which Sport and Society made on them, the two brothers were ever wise enough – and in addition they had excellent advisers – not to let the constant extension of their firm out of sight. The brilliant success of the Van Ryn Deep flotation, and the taking over of the Langlaagte Estate and the Randfontein Estate from the Robinson group, added much to their importance, and although the New State Areas were not so successful as the Government Gold Mining Areas, yet they were very far from being failures. The management of the mines was expert and sound, and the firm attained an importance fundamentally different from the position it occupied in the wild days of the 'Barneys.'

When after the death of Sir Julius Wernher in 1912 his firm was wound up, Barnato Brothers came to be the diamond concern with the largest capital; in the Diamond Syndicate, of whose Board S. B. Joel had for some time already been an influential member, they attained a leading position, and they are now one of the greatest mining firms in the world.

BEIT

TO the great mass of the British public Beit was the personification of the Park Lane millionaire, the new rich. There were to be sure some such unpleasant types, first in Kimberley, then on the Rand, far too many indeed, who, not over-popular in Africa, cut an exceedingly poor figure in London. — Alfred Beit, however, was the last man who should have been included in this category, for he did not in any way flaunt his wealth, nor was he an ‘ogre and business man, who sacrificed everything to money-making.’ Certainly he was a very rich man, who lived in great style as befitted his means, but he ever remained modest, unassuming, and in public even almost nervously shy. As a young man he had not even the burning ambition which fires so many, to become very rich; according to Rhodes ‘all that Beit wanted was to be rich enough to give his mother a thousand a year,’ and it may well have been a great event of his early life when, on a visit to Hamburg, he took his mother for a drive and told her that from boyhood upwards it had been his dream some day to have so much money that he would be able to buy her a carriage ‘and now my dream has come true: carriage, horses and coachman are yours.’

Even his contemporaries looked upon this ‘richest¹ and most successful of financiers of diamonds and gold, and Rhodes’s financial *alter ego*’ to some extent in a wrong light, and the present generation knows but little of him, and barely remembers his name. Nor does he take the place in history which is his due; from the blinding light which Rhodes shed on all around him some ‘reflected glory and

immortality' fell on Beit too, but he was himself so strong and so influential a personality that he is entitled to a pedestal of his own. Together with Rhodes and Barnato he was the founder of the diamond industry in Kimberley – with Rhodes and Dr. Jameson he built up the Chartered Company with its vast expanse to the north – the opening up of the Rand was the work of him and his firm. He thus assisted in the erection of three pillars of the Empire.

He was twenty-two when in 1875 he went to Kimberley, not haphazard, or in order to take up pick and shovel, but with a definite contract in his pocket; with Robinows² and in Amsterdam he had learnt his job properly, and right from the start he was independent and had no need to rely on the often dubious advice of so-called experts. 'When I reached Kimberley,' he related in after-years,³ 'I found that very few people knew anything about diamonds; they bought and sold vaguely, and a great many of them really believed that the Cape diamonds were of a very inferior quality. Of course, I saw at once that some of the Cape stones were as good as any in the world.' He was capable of doing, and for a long time did do everything himself.

Beit's principals in Kimberley were his Lippert⁴ cousins; D. Lippert & Co. from Hamburg had a branch in Port Elizabeth, and for this Beit was to buy up diamonds for a fixed salary of one hundred and eighty pounds a year.

By this time the camp had emerged from its first and roughest state, it no longer had the picturesqueness of the early days, and was beginning slowly to look something like a town. Beit did the same as all other buyers, he went from digger to digger to look at their finds and buy what suited him, and when it was no longer necessary for him – literally – to run after business, the diggers came to see him in his canvas office.

He soon gave up working for Lippert & Co., and there

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was no risk for him in starting (1878) on his own, for he had established himself extremely well, made much money, was well connected and had no need to fear for the future.

Until then his life had not differed in the slightest from that of the hundreds of other buyers. Like them he invested the money he made – in his first year on his own it amounted to twelve hundred pounds – in shares or claims,⁵ and like the majority of them he wasted much of his time in bars, lived well, loved his comfort, felt no yearning for hardships and adventures, and was an exceedingly bad horseman.

In one respect, however, he differed from the remainder – he understood his business, and had acquired such an exact knowledge of diamonds that on one occasion, when he was offered a parcel of seventy stones, he thought definitely that he recognised some which had previously been offered to him; no explanation or contradiction could move him, and on inquiry it was actually found that he had been robbed of the stones by a dishonest employee.

And yet another talent began to develop – the ability to solve financial questions swiftly and soundly; he knew how to reduce the most tangled and complicated matters to their essentials and to express them in the simplest formula. At a time when companies ousted more and more the individual digger there was bound to be a brilliant opening in Kimberley for a man who knew more about finance than the average dilettante, and this was the beginning for Beit of a period of constructive and corrective activity. ‘Remember you cannot expect to make money unless others also make it with you. To do anything big you must also be careful that others will prosper with you,’ he often said in later years, and as early as his Kimberley days he acted on the principle that a new issue must not be a mere single money-making expedition, and that a firm can flourish in the long run only if all the constituent parties are satisfied. Thus Beit raised dealing in mining shares

from a purely speculative to a moral basis, to a higher standard. Till then only speculators had been shareholders in mining ventures – Beit's method attracted the genuine investor also.

This is not to say that Beit was not a speculator – there were even times when he stood in great need of the restraining hand ⁶ – but he had none of the wild characteristics which so often are responsible for the degeneration of the speculator into the gambler. A truly productive speculator like Beit, who knew the character and the functions of the Stock Exchange as thoroughly as he knew the intrinsic value and the future prospects of the over-boasted diamond shares, was in a position to be a very real help when in September 1881 Stock Exchange operations collapsed; he knew that only fundamentally sound flotations would be able to weather all storms, and that high prices in times of boom are nothing but clouds – rosy ones perhaps, but still clouds which veil the true position. 'It was then that we began to realise Beit's genius,' wrote William P. Taylor, 'his wonderful capacity for organisation, his clear vision and his ability to measure the possibilities of whatever he undertook to do. Eventually, by dint of hard work and applying himself day and night to the task, he succeeded in raising the various companies from insolvency to prosperity.' And while he was thus employed in bringing the industry back to a sound financial position he came to see clearly – from the point of view of the financier – that Kimberley could survive only if all diamond mines decided in favour of combination – of amalgamation.

William P. Taylor, one of those who refused to be discouraged, who with his brother James was one of the first wherever there was a chance of digging, had introduced Beit to Rhodes in 1879; this casual meeting led – but not till both had been in Kimberley for four years – to a partnership which was reduced to no agreement, but grew into an all the more intimate financial friendship and became

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decisive for the lives and development of both. De Beers and the Chartered Company are the two great lasting milestones of this mutually complementary collaboration. Only with Beit at his elbow did Rhodes find it possible to work out the last financial details of his gigantic plan and to prepare for every emergency. Posterity, however, has passed this fact over, and has taken no notice of the testimony of those ⁷ who were close witnesses of this collaboration . . . Beit's share has been allowed to fall into oblivion.

In the middle of the eighties Beit almost had the firm intention of retiring – even before the amalgamation and the gold mines. The period of roughly ten years in Kimberley made him a rich man, but was very exhausting; he was now at the best time of life, had many varied interests, and could have spent an enjoyable life anywhere.

But things turned out very differently.

In about 1880 he had got into closer touch with Julius Wernher, the representative of the Paris diamond merchants Jules Porges & Co., and subsequently with Porges himself, whose Kimberley buying house had long since developed, owing to the share it had taken in various mining undertakings, into a finance house;⁸ Beit, both a connoisseur of stones and a financier, was bound to be a desirable acquisition to such a concern, and he was invited to become a partner. – Porges, Wernher and Beit worked together for ten years, and when their affairs became too widespread, Porges retired.

So on 1st January 1890 the firm of Wernher Beit & Co. came into being.

In July 1886 Beit received from William P. Taylor⁹ 'a large number of samples' which came from a hitherto almost unknown district 'with information regarding widths

of reefs and values' and a statement of what the various properties would cost. At about the same time he was visited by Joseph B. Robinson, who told Beit of the great difficulties in which he found himself, that he was completely stuck, and that no one was willing to come to his assistance. He said that the banks, to whom he owed eighty thousand pounds, only waited for a moment which might be in any way favourable, in order to proceed to a forced sale of his securities, and that even if good prices were obtained, there would be nothing left for him personally. He added that he was, however, firmly convinced that the man who was willing to help him now and to put him on his feet again, 'would make an immense fortune.' He told of information he had received of great discoveries and 'he was convinced that there was an immense field' which would put all existing fields in the shade, and that most probably it was the greatest goldfield in the world.

A man of so temperamental and speculative a nature as Beit was bound to be immensely attracted by such a proposal – a true venture, a leap almost into the dark but which, if it succeeded, might lead to *the* success. A great deal of money was required before even a start could be made – and Porges had refused to come in. Beit, however, was so taken by Robinson's descriptions, that he felt not the slightest inclination to let go the business; he took the first risk himself, placed, on his own account, the necessary funds at Robinson's disposal ¹⁰ and closed with him.

There is no doubt that Robinson was a man of boundless energy, 'a good sticker with a great capacity for work.' But in spite of all this, Beit's decision, looked at from the purely business point of view, was bound to seem strange, and there were many who did not understand it, for quite apart from the fact that Robinson was extremely difficult to get on with, he was a great speculator and had already made – and lost – several fortunes. But Beit 'with his unfailing insight into men's capacities' saw that Robinson

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was indeed the very man to carry through such a peculiar and difficult task, and – owing no man anything and with a cheque for twenty-five thousand pounds in his pocket – Robinson took the Barberton coach to the new Dorado.¹¹

And that is how Wernher Beit & Co. came to the Witwatersrand.

The collaboration with Robinson did not last any very great time, for in the long run it was quite impossible to get on with him. The separation took place without any friction, both parties having widely differing views as to the future prospects. Robinson had a higher opinion of the Western Rand, and kept as his main property Langlaagte¹²; Wernher Beit & Co. fancied the East more, the Crown Mines¹³ and the Ferreira Gold Mining Co.¹⁴ passed into their hands; Robinson's half-share of the mine to which he had given his name was acquired for fifty thousand pounds. – That he should completely lose touch with this, the Robinson Gold Mining Co.,¹⁵ was a matter which his vanity could never get over, and the less so because the mine turned out very good indeed; 'he resented the loss of authority as well as the loss of profit,' and looking at matters from this point of view, he entirely forgot that it was to Wernher Beit & Co. that he owed the whole of his new existence on the Rand, and from that time on they – as well as Rhodes – were the subjects of Robinson's intensest and most inventive hatred.

From the very first moment Beit had confidence in the Rand to an extent which at this stage very few could find, and it did in fact require great enthusiasm to believe in it. For roughly twenty years people had been looking for gold in South Africa, but as yet every hopeful find had been followed by disappointment. Now – once again – goldfields had been discovered, but the geologists were at a loss, for the gold was found under conditions which did not have their counterpart anywhere else. And once more the cogent question was asked, would it last? For the moment

the facts were laughing at science, but who was going to have the last laugh?

Beit was by no means the mere calculating machine which he has been so often represented to be; his highly developed imagination quickened his strong business acumen, and the following of strange paths in the pursuit of money was bound to appeal to him. When in 1886 he went for the first time to the Rand with Porges and James B. Taylor, it was not a barren desert which he saw before him – even then he visualised the mills and the shafts which were to come – and in the erection of which he more than any other took part.

Until then Beit had followed his inspiration, but before he could start work he required practical experience of how gold was dug for and how the quartz was worked, for it never appealed to him to be entirely dependent on his experts, and he therefore went to Barberton to study thoroughly all technical details.

His second visit to the Rand was made in 1887, again accompanied by Porges and Taylor, but this time Rhodes came too, bringing Gardner Williams with him. Williams advised against any kind of participation; it was impossible to move him from his view that the Rand was only a passing phase, and he insisted again and again that there had never yet been a paying goldfield in South Africa, and that there never would be either. Rhodes stuck to this expert, and henceforth he and Beit – on the Rand only – went different ways. – It is remarkable and a proof of Beit's astuteness in commercial decisions, that in Barberton he followed James Taylor's advice to be careful, but on the Rand ignored Williams's pessimism – and in both cases events proved him right.

In a much shorter time than in Kimberley it became necessary for Johannesburg to tread the road to concentration, for the Rand gave still less scope to the individual digger, and searching for gold was more expensive than

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digging for diamonds; the days when farms could be obtained at low prices were numbered, and before even the first spade could be struck into the ground, the experiments of engineers and the purchase of costly machinery had swallowed up enormous sums. At the start, folly and fraud reigned supreme, and many of the managers did not in fact know the first elements of their business. The sins committed in financial matters were even greater than those on the technical side. Fortunately the age of bubble promotions faded, before there had been time for the industry to be entirely discredited; but it never disappeared entirely.

At the start most of the new promotions got into difficulties after a very short existence, not because there was no gold, but because the promoters had been over-anxious to make money quickly; too many fully paid vendor's shares were issued, and the result was over-capitalisation plus shortage of cash. It is due to some very few – prominent among these being Beit and his firm – that the new issue activity was placed on a solid foundation which enjoyed the confidence of the banks. 'From the first he resolved that the mines under his firm's control were not to be run for share-making and marketing purposes. For in no instance did the firm issue a prospectus. The working capital was always found by the firm and the companies financed until they became dividend paying. The shareholders were informed monthly of everything that happened on the mines – nothing was hidden.' It was a complete revolution in mining finance, and Wernher Beit's lead compelled all other mining companies to follow suit whether they would or not; an enlightened public should have known in whose hands it was safe – and yet it was again and again been caught by wild-cat promotions. Wernher was utterly cool and correct, Beit an unflinching optimist, but of absolute honesty both in big transactions and in the smallest deal. (Barnato on one occasion said



Photo The Aircraft Operating Co., Ltd

CENTRAL JOHANNESBURG, WITH SOME OF THE CROWN MINE
DUMPS IN THE IMMEDIATE FOREGROUND

with envy that 'if he had Beit's reputation for honesty he could make millions.')

Not until the financial world had seen that the Rand was not one of the many passing phases which till then had been so prolific in South Africa, that it was no longer an adventure, did the great international confidence manifest itself. Even then it was not the English banks with their conservative business methods which opened their safes – it was the French banks with the *Crédit Lyonnais* at their head, and the Germans, first and foremost the *Deutsche Bank* under the management of Georg von Siemens, the brother-in-law of Adolf Goerz.¹⁶ Without the backing of this international confidence it would not have been possible to dream of opening up the deep-levels. The first to benefit by this feeling of trust were Wernher Beit & Co. themselves; the enormous sums – one hundred and fifty million pounds¹⁷ – entrusted to this firm for investment in the financing of the gold industry, and for which they were responsible, directly and indirectly, benefited the whole community.

Even the Rothschilds shed their initial reserve; in the first stages of development they sent J. S. Curtis and de Crano to Johannesburg to report upon the discoveries, but nothing had been done. In 1892 Hamilton Smith,¹⁸ de Crano's partner in the firm of mining engineers, went to South Africa on the instructions of Rothschilds for the purpose of reporting on the prospects of mining at deep-levels. Smith had acquired great practical experience in the goldfields of Alaska, and enormously reduced working costs there by the introduction of new methods; and on his advice Rothschilds took a financial interest in a number of the deep-level mining enterprises promoted by Wernher Beit & Co. In 1895 Smith was again in Johannesburg and reported to his principals that 'the chances are far greater now than they were in 1892 . . . and to-day nearly everyone conversant with the Rand considers them as being considerably under the mark.'

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While there was as yet no proof that his expectations were correct, and that things would eventually develop in the manner in which they did – even in those days Beit continuously increased his holdings. Large sums were expended in boring experiments solely on the assumption that the reef would again be struck in the south at a greater depth; when it was struck and the Rand was discovered for the second time, then the stage of deep-level mining could be entered upon. – Needless to say the investing of vast sums in unknown regions was also a speculation, but this was prosecuted to such an extent and with such success that it sheds the derogatory designation and is called daring enterprise. Before success came, there were enormous difficulties to be surmounted in the technical construction, in finance and in providing labour,¹⁹ but Beit remained undaunted. He had the pluck and the experience for fighting obstacles, and the money necessary to hold out. So he became the leader of the industry.

In the roughly fifteen years of his stay in South Africa he ‘had gone from one financial success to another,’ and now he began to feel the desire for an easier life; in 1888 he acquired permanent quarters in London and went to live in Ryder Street – then a quiet thoroughfare leading into St. James’s Street. Instructions for building the house in Park Lane²⁰ – a large block of flats now occupies its site – were not given till his return from Rhodesia where in the course of the following years his presence was again required.

Rhodes, Beit and Jameson, the founders of the Chartered Company, had no written arrangements, any more than Rhodes and Beit had had in Kimberley. In this triumvirate Rhodes was the leading spirit, a mixture of realist and dreamer in the right proportions – Jameson was the energetic adventurer, handicapped by his passion for gambling, yet all the same a strong character – Beit was the indispensable, the man with the calculating brain who knew how to reduce gigantic schemes to realisable dimensions and how

to procure the means to carry them out – and when there was no other way of getting them, was willing to advance them out of his own pocket. – Within his own firm he had a brilliant partner and capable collaborators,²¹ but for the Chartered Company he always felt a personal responsibility and much of the work rested on his own shoulders. In 1890, for instance, there were suddenly quite enormous expenditures to meet in connection with the opening up of Mashonaland which had been allowed for in no estimates, and of which no one had ever even thought; and when in addition the working of nearly all the transport arrangements broke down, just at the time when the first settlers had got as far as Salisbury, then Beit, ‘who never compromised between what he wanted to do and what he thought he ought to do,’ considered it his duty to go and look after things himself.

His travelling companion was Fitzpatrick, and a large number of officials joined him on this journey of inspection,²² which, having regard to his constitution and his epicurean tastes, meant for Beit hardships difficult to over-estimate, and a very real sacrifice.

The early nineties which followed this expedition into the interior, were devoted to the consolidation of the business and to eclectic entertaining in London, and they were times of quiet enjoyment – perhaps the only period of the kind which fell to Beit’s lot. He had become a figure of European standing, was looked upon as London’s wealthiest bachelor, and therefore played, without in any way pushing himself forward, a great part in Society. Politics had no attraction for Beit, Wernher definitely refused to touch them, and they had insisted that their partners in Johannesburg should ‘hold themselves aloof from any participation in politics.’ Hermann Eckstein was the first who, in surroundings so easily open to political influence, had insisted on this, and his brother Frederick tried to keep up the tradition; he looked upon Wernher, the ‘pure and simple

business man,' as his chief even more than upon Beit, and when the talk in his study turned to politics, he visualised 'Wernher's face on the blotting paper in front of him,' and strongly disapproved when Fitzpatrick, the junior partner, began to develop 'taste, or talent, or whatever you call it' for politics.

Quite suddenly, however, Beit changed his ideas and dropped the atmosphere of caution and reserve – and it must remain doubtful whether he acted on his own inner conviction, or whether he was talked over by Rhodes. Beit decided to lend his name to the cause of the Uitlanders and to finance it with his money, and in doing so he departed from his well-tryed principle not to rely on reports, but to go into everything himself; Rhodes, the Prime Minister of Cape Colony, could not attend to details, with the result that neither of them knew exactly what was being planned. Nor had either of them been consulted, and by Rhodes's instructions to Jameson to 'take what you can and ask me afterwards' he had gone so far as to definitely cut off every possibility of his advice being asked. Beit was in London at the critical time, busy asking by cable Lionel Phillips 'searching questions about what was being done in Johannesburg,' but just as Rhodes refused to be consulted, so Phillips refused to give replies, and as he was unable to stop his senior partner from demanding reports, he seems to have hidden behind Rhodes, for a cablegram from the latter to Rutherford Harris ²³ contains the phrase, 'A. Beit must not consult Phillips, who is all right but anxious to do everything himself, and he does not wish to play second fiddle.'²⁴ In order to see for himself to what he had lent his name it was necessary for Beit to sail for South Africa and furthermore Rhodes had desired, even 'commanded' his presence. On 17th December 1895 he arrived in Capetown but felt too ill to proceed to Johannesburg – or, at Rhodes's request, stayed at the latter's cottage at Muizenberg;²⁵ in any case he remained where he was.

Everyone who had had any share in the Raid was bound to be heavily hit by its outcome; for a man so easily affected as Beit it was a blow from which he never entirely recovered. He immediately returned to London and there had 'to face a bewildering and ever-increasing number of financial obligations and entanglements in which he himself and his firm and the Chartered Company found themselves as the result of the Raid.'

That together with Rhodes he should be forced to resign from the Board was bad enough for a man of such sensitive temperament, but what he dreaded more than anything was his examination before the Commission of Inquiry, which had amongst its members Henry Labouchere, his ancient enemy and the author of the Letters from 'Moses Moss of Johannesburg to Benjamin Boss, London,' published in *Truth*; and Harcourt, who had always been opposed to the grant of the Charter, and would have preferred to see it cancelled now. – Beit, who had always been most anxious not to come into the limelight in any way, felt it a terrible thing now to stand before the public, practically as an accused person.

It was Harcourt who began the cross-examination of Beit, and the latter admitted that he had spent between one hundred and seventy and two hundred thousand pounds in the preparations for an armed rising, and that 'both by his advice and pecuniary assistance' he had taken part in a movement which aimed at extending the political rights of the Uitlanders in the Transvaal, if necessary by violence. He denied having known anything of the Raid itself until after it took place. – Labouchere made the gravest charge which was brought before the Commission: that Beit had used the grievances of the Uitlanders merely as a pretext; that Beit and his firm had carried out bear operations on a large scale, and that actually the Raid had been nothing more than market trickery.

An accusation of this gravity, amounting to a breach of trust, should not be brought against a financier who up

to then had enjoyed the highest reputation, who is dependent for his success on the confidence the world reposes in him, unless there is incontestable evidence of its truth and – if the accuser is an *anima candida*, and has kept his own conscience free from any guilt. Labouchere, however, had in his earlier days as a private individual been far from averse to speculative dealings, and as journalist had been known to write favourably of shares of which he was a bull and unfavourably of such of which he was a bear. By the publication of letters, never intended to see the light of day, matters had been aired in public, and Labouchere had blandly owned up to this kind of journalism; ‘what greater proof can I give of my belief in the shares I write up than buying them? Or what stronger evidence can there be of my disbelief in a share than my selling it?’

Deeply indignant and wounded, Beit refuted the accusation and on the following day read and published the following statement: ‘I have already pointed out to the Committee that Mr. Labouchere has charged me with bearing the market; with effecting bear sales before the Raid and generally with having been a party to the planning it for market purposes, using the Uitlanders’ grievances as a pretext. I declare again upon oath that all these charges are absolutely false. I have offered to give the Committee access to the books of my firm to verify my statement. Mr. Labouchere has not offered one atom of evidence in support of these allegations. I therefore appeal to you, Mr. Chairman, to express the opinion in the name of the Committee that Mr. Labouchere is bound in honour and justice either to establish the charges he has brought against me or else to withdraw them absolutely and entirely. I have long awaited this opportunity of meeting these charges, and I now confidently rely on the assistance of the Committee in this matter, which is so intimately connected with the whole subject of the inquiry.’

Labouchere’s severe draft ²⁶ of a final report, which was

not accepted, concluded: 'Mr. Beit is a German subject.²⁷ In conjunction with Mr. Rhodes, he fomented a revolution in a State in amity with us, and promoted an invasion of that State from British territory. These two men, the one a British statesman, the other a financier of German nationality, disgraced the good name of England, which it ought to be the object of all Englishmen to maintain pure and undefiled.' – In the final report the charge brought by Labouchere that Beit had exploited the Raid for his personal speculative profit was expressly refuted, and the Commission testified that they 'feel that in justice they ought to say that no evidence of such a charge has been produced, and they hold that the charge is entirely without foundation.' But so far as it concerned the main point, the Committee decided: 'Of those who were examined, Mr. Beit and Mr. Maguire ²⁸ alone had cognisance of Mr. Rhodes's plans. Mr. Beit played a prominent part in the negotiations with the Reform Union; he contributed large sums of money to the revolutionary movement, and must share full responsibility for the consequences.'

All these troubles coming together – the Raid and the Inquiry, personal attacks and business worries – were too much for so highly nervous a man, and a temporary collapse forced him to take a rest.

Nor did he ever properly get rid of all his troubles. The anxiety about the Chartered Company was never-ceasing and lay heaviest on him during the Matabele Rising. There is a certain irony in the fact that Beit who was an idealist, or he would never have taken a hand in it, but who was in the first place a business man, had nothing but troubles and unpleasantness from his connection with the Chartered Company, and never had even the slightest profit out of it. – Then came the Boer War with all its anxieties and difficulties which were bound to be most strongly felt by the man who owned and managed the most powerful interests on the Rand.

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Eight years after the Raid (in 1904) he received public absolution too. The Directors of the Chartered Company resolved – it almost goes without saying unanimously, and needless to say the Government had approved of the reinstatement – ‘to invite Mr. Beit to resume his seat upon the Board, and in so doing to express to him the keen sense of obligation for the invaluable assistance which he has so loyally and unselfishly rendered to the Company since his resignation in June 1896.’ When in 1905 Grey was appointed Governor-General of Canada, it was Beit, now a naturalised British subject, who succeeded him as Vice-President of the Company with the Royal Charter, and he was undoubtedly entitled to look upon this appointment as a final recognition ²⁹ of his personality and of the services which he had rendered.

In the same year he again went to South Africa, stopped in Kimberley and Johannesburg, and then continued to the north. His health was none too good when he started the journey, and he was no longer equal to the exertion of an expedition through Rhodesia – while on the road he had a stroke. Thereupon the doctors insisted that he should as far as at all possible retire from business, and keep away from the turmoil of the City; – only then he bought Tewin Water, Herts.

But he was not permitted to enjoy untroubled rest; the dread of the synthetic diamond ³⁰ clouded his outlook, and his ever active imagination, now become pessimistic, foresaw the fall of the great undertaking, the very existence of which depended to so strong a degree on the natural stone. De Beers had formed the foundation for Beit’s career, and still remained the basis of the fortune of his firm – and the fraud, the fact that diamonds could not be produced synthetically, was not discovered till for him it was too late.

His health grew visibly worse; a treatment in Wiesbaden brought no improvement, and he hastened back to England to die at home.

B E I T

At the head of a vast concourse of mourners which followed him who had died at the age of only fifty-three,³¹ walked his mother.

On the way home from the tiny village churchyard of Tewin Water, Sir Percy Fitzpatrick had a strange conversation with W. T. Stead. 'Fitzpatrick, you knew him very well. There was something Christlike about Alfred Beit.' — Sir Percy, deeply moved and touched, thanked him for the phrase; he said that he had often had the same thought, 'but flinched from saying it for fear of exciting the derision of those who did not know him.' — 'Why be afraid to say it,' retorted Stead, 'you knew him, they did not.'³²

WERNHER

THE greatest and wealthiest diamond merchants in the world in the early seventies, were Jules Porges & Co., and when Kimberley suddenly leapt into fame, they, as became their importance, at once sent two representatives to the diamond fields, Mèche, a Frenchman, who very soon came back, and Wernher, the son of a General at Darmstadt, who had learnt the banking business in Frankfurt-on-Maine and in London, and had subsequently been on the staff of the firm in Paris. Porges himself had come to Kimberley in 1876, during an extended stay acquired claims, by the purchase of shares became interested in various Companies,¹ and so had gradually come to occupy – as the first of very many – the twofold rôle of producer *and* merchant of diamonds; the branch house, which had long outgrown its first status as a buying house, had to be placed on a broader basis, and it was in order to watch over and carry through the firm's financial commitments that Alfred Beit was invited in 1880 to join the Kimberley firm.

The combination was excellent in every respect: Porges,² the man with the great name and the large means – Wernher, cautious, calm personified – Beit, quick and always full of new ideas. But in spite of the brilliant success of the partnership – especially as regards its financial results – it did not last more than ten years. In the course of time the business, which now extended to the Rand as well, became too widespread for Porges's liking; he was a very rich man, and had therefore no need to court risks, nor, being much older than his partners, did dangers altogether

appeal to him, and perhaps he was also just a little scared 'of the enterprise and courage of his very able juniors.' He retired from active participation, and a new firm – Wernher Beit & Co. – was founded which took over the business, but not the name of Porges.

It is not always an advantage that both the commander-in-chief and the chief of the staff should be actuated by the same eager spirit of attack; the prospects of a campaign are brighter when one of the responsible parties is at every phase inclined to caution, sees to it that, whatever may be the outcome of the battle, there are always sufficient reserves – without at the same time hindering the other's valorous eagerness to attack.

Beit, easily inspired and quick to decide, was inclined, in order too rapidly to achieve his purpose, to accept risks which might possibly have endangered the whole position; Wernher knew no compromise with his responsibility; as soon as he came to the conclusion that the valorous partner in Johannesburg had ventured too far, had entered into too heavy commitments, then, without any discussion, he sold in London whatever he considered excessive – even if it was of the best – but ever 'without damping the eager enthusiasm' of Beit.

As in a marriage, so in a partnership it is not necessary for harmony that there should be similarity of character or of views; frequently both parties live and work in far greater amity if there is entire difference between them,³ if each gratefully recognises to what extent his own good qualities are brought out and quickened by the other's better qualities – and so Wernher and Beit lived in an ideal partnership.

Wernher did everything systematically, nothing on impulse; the second and third steps were always thoroughly considered ere ever the first was taken. Opinions and views meant nothing to him – only knowledge and actual

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information were decisive. Sitting at his desk in London, this statesman in business had acquired such a grasp of the undertaking as a whole and of its every detail that, although he stood in the very front line of those who assisted in the opening up of the goldfields – and it was he above all others who, through his wise methods, raised them to the status of an industry – yet he never even saw the Rand during the period of its development, nor indeed till very long after. Not till fifteen years after Wernher and Beit had begun operations in Johannesburg did the senior partner (in 1903) go back to South Africa. He had been on the Board of De Beers since the amalgamation as one of its life governors ⁴ – after the death of Rhodes in 1902 with Beit alone – but had never seen the mine since the amalgamation and the introduction of modern methods of digging; and when he inspected the mine he knew as much about its geographical and technical developments as if he had been present at every step.⁵ In Johannesburg also he knew every shaft, every detail of his mines – not only their balance sheets.

A man like Wernher, cautious and of the greatest reserve, avoided anything which might have made him hidebound in his views; but when at a general meeting over which he presided he rose after due preparation to make his speech, he was worth listening to, and his words were received with the greatest attention far beyond the circle of the shareholders to whom they were addressed. – He never departed from his strict business principles, allowed nobody and nothing to influence him, and hence was often looked upon as unapproachable. – In the great business in London, Kimberley and Johannesburg it was to Wernher that the last appeal was made, the partners all looking to him as their head.

In order that an industry which, after surmounting many infantile diseases, had at last ripened into manhood, should be financed in accordance with respectable prin-

ciples, Wernher went so far that his firm itself raised the capital of any new Company; the shares were offered to the public only when, according to all human judgment, the success of the new undertaking was assured. It was this method of conducting business – according to London principles and not according to Johannesburg methods – which raised Wernher Beit & Co. far above the level of a mining house and made it into a finance house of the very front rank with a world-wide reputation.

The Mining Industry on the Rand looked upon Beit as its great and influential head, for it could in this connection find use only for a creative speculator. The firm, however – Wernher Beit & Co. – which made the Rand, which enjoyed international confidence to such an extent that at times it had under its control interests which it would not have been excessive to value at one hundred and fifty million pounds ⁶ – the firm was Julius Wernher, and he was fully conscious of this, though it occasionally amused him to relate that the man in the street hardly knew of his existence – ‘they think I am only Beit’s Christian name.’ – Only a very strong man who is fully aware of his strength could, when his partner Fitzpatrick asked him whether, as Lord Milner’s confidential adviser, he might continue to act in the interests of the Johannesburg firm, give the answer: ‘You know that we are so big in this country that what is good for the country is good for us.’

Much surprise has been expressed, and some blame has been cast on Sir Julius, that the prudent and thoughtful man should have been taken in by a swindler like Lemoine. But it would seem that the charge is unfair; a prudent man, whose personal fortune as well as the capital of his firm was based to so considerable an extent on the production of real diamonds, was more than any other bound to take an interest and a share in any process of manufacturing synthetic diamonds. It is true that Lemoine was nothing but a common swindler, but he was so clever and so cunning

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that even an expert like Breitmeyer⁷ allowed himself to be taken in. After all—the sixty thousand pounds which his belief in the impostor cost Sir Julius represented only a relatively small insurance premium.

In no way bitten by the mania for speed which infected all around him, Wernher, well-informed and highly educated, always had time to spare for his personal interests which went far beyond the scope of his profession; the National Physical Laboratory had in him a benefactor who spent vast sums for scientific investigations in connection with metallurgy, and inspired by Rhodes and Beit, he subscribed a quarter of a million to the South African University when the Union was established.—Art also made a strong appeal to him, and his collection of *objets d'art* of the Italian Renaissance was of great importance.

Wernher survived his partner by six years; he died in 1912 at the age of sixty-two.

When Beit died, the South African gold mining industry lost its leader and the markets lost their strongest supporter; on Sir Julius Wernher's death, which brought about the dissolution of the great firm, the City of London lost one of its acutest minds, and English and International finance mourned the loss of a great power.

THE CORNER HOUSE

HERMANN AND SIR FRED. ECKSTEIN, BART. — JAMES B. TAYLOR
— GEORGES ROULIOT — SIR PERCY FITZPATRICK — THE RAND
MINES LIMITED

IN order to be properly managed and reliably supervised, the great and novel undertakings of Wernher and Beit — the firm of Wernher Beit & Co. was not founded till two years later — required their own headquarters in Johannesburg, and therefore in 1888 a firm was established, at the head of which stood Hermann Eckstein, since 1884 an active and trusted collaborator in Jules Porges & Co. Its office was in the Corner House, in those days the only two-storeyed building in the town, and known by that name all over the Rand; the partners were only participants — the owners and parties mainly interested were Wernher and Beit. At the same time as Hermann Eckstein, James B. Taylor and Lionel Phillips joined the young firm; until its dissolution in 1912 (simultaneously with that of the London house), it was the undisputed leader on the Rand.

From the very first, Wernher Beit & Co. were lucky in the selection of their collaborators; to have entrusted a strong and in every respect outstanding man like Hermann Eckstein ¹ with so difficult a task proved to be a lucky hit for the whole group, for before long Eckstein was looked upon as the most prominent and most reliable amongst all the mining people, and was at the same time the best liked and most popular man on the Rand. It was he who raised the industry out of the stage of groping about and experimenting; his principle was the same as Wernher's

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- to be methodical from the start, theory and practice going hand in hand. At his instigation the best engineers available and the most experienced mechanics were employed, enormous sums were spent on scientific experiments, and the experience thus gained was of benefit not only to his own house but to the community as a whole; without Eckstein it would have been impossible for the development of the Rand to proceed at the rate which it attained. When in 1889 the Chamber of Mines was formed, it seemed a matter of course that Eckstein should become its President, and he occupied this office for a further two years, until 1892 when illness forced him to leave Johannesburg; he died much too soon, the following year at his old home in Stuttgart at the age of forty-four. His influence on the conduct of affairs at the Corner House extended far beyond the short period of his activities; he had framed the maxim of separating business from politics which was adopted by his brother Frederick,² but not carried through energetically enough. If Hermann Eckstein had still been alive in 1895 and his wise counsel been available, the Wernher-Beit-Eckstein group would not have drifted with full sails into the political adventure of the Raid.

Eckstein's successor in the firm and in the Chamber of Mines was Lionel Phillips, and it is a proof of the outstanding position of the Corner House that in the first thirteen years of the existence of the Chamber eleven times it had as President a partner in the Eckstein firm.³

The second pillar in the early days was James B. Taylor,⁴ an Afrikaner of English parentage, who had been on friendly terms with Beit since the old Kimberley days of 1879, and together with his brother William had always given the financier sound advice and helped him to earn large sums. It was William who, together with Beit, selected the latter's claims in the De Beers Mine, and who sent him the first samples from the Rand; James, an ex-

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perienced mining man, brought the whole of his influence to bear so that Beit should not enter into too great commitments at Barberton, but to the full of his powers supported Beit's enthusiasm for the Rand and with Dr. Sauer – though at the time in vain – tried to bring Rhodes to the new goldfields in the early days of their opening up. – James Taylor, one of the few in Johannesburg who were true pioneers, explorers and hunters, spoke the Taal, the Boer-Dutch dialect, perfectly, and it was an inestimable advantage to the firm to have a partner who could negotiate with the Government in Pretoria and with Kruger without the assistance of an interpreter; it was difficult to replace him – prospector, digger, miner and director in one – in Johannesburg when in 1890 he left to go to London to become a partner in Wernher Beit & Co., leaving the firm, however, in 1893. He and his brother William are still among us.

Taylor's successor at the Corner House was Georges Rouliot,⁵ a Frenchman, trained engineer, 'who combined with high ability and great judgment very remarkable tact' of which he required a full measure in order to bring the Chamber of Mines, whose President he became in 1898 (he was re-elected three times), safe and sound through the difficult years of the Boer War. Within the firm his main activities were concerned with the deep levels which he was among the first to advocate, and whose interests he looked after by means of the Rand Mines⁶ which were formed in 1893 for the purpose of financing and managing these new ventures.

On the Johannesburg staff of the firm from 1892 was a younger man, neither trained miner nor by ability or inclination a financier, but all the same a marked character who found a place in the history of South Africa – Sir James Percy Fitzpatrick.⁷ As statesman, author and imperialist he belongs to that band of independent men who shaped first the Transvaal and finally the Union.

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Born in Cape Colony, the scion of a great house and educated in England, Fitzpatrick was acquainted with all classes and familiar with all the many currents which have ever made the Transvaal a political storm centre. He knew the problems of the country thoroughly and understood their intricacies,⁸ saw in Kruger 'a prehistoric figure driven by circumstances into modern conditions' (it was he who coined the phrase 'father Abraham suddenly thrust into the Stock Exchange'), and with a strong dash of rebellious Irish blood in his veins, this son of a High Court Judge took his stand on the side of the Uitlanders who were the representatives of these 'modern conditions.'

After a long 'Wanderlust' he came to Eckstein's in 1892, at the start as leader of the Intelligence Department, from 1898 on as partner. Extraordinary as were the services which so well informed a man could render to his firm with its manifold interests – his turn for politics 'or whatever you call it' ⁹ did not meet with full approval in the Corner House, and Sir Frederick Eckstein in particular tried again and again – in vain – to lead him on a different path. On the Reform Committee he acted as Secretary, and in addition to a sentence of two years' imprisonment (for high treason), of which he served, including the detention on remand, five months, he had to undertake to abstain for three years from all political activities. This period had hardly elapsed, in the summer of 1899, when Fitzpatrick found himself in the centre of events moving along at lightning speed.

Even during his imprisonment he had started work on his book *The Transvaal from Within*, and after its completion he again and again delayed publication as long as there was even the slightest hope to maintain peace. He finally decided to publish it on the advice of a man to whose judgment he was entitled to attach the greatest possible weight, for he was the most unpolitically-minded of them

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all – Sir Julius Wernher – and he also had come to the conclusion that ‘further delay was useless.’

The book fell – in September – like a bombshell, and many were of the opinion that it caused, or at least precipitated the outbreak of the war – in October 1899. By the end of the year it had passed through seven editions, and gained for its author the offer by Lord Northcliffe – in those days as yet Sir Alfred Harmsworth – to become editor of the *Daily Mail* ‘on your own terms.’ Fitzpatrick declined, but during the war he wrote a very great deal for the Harmsworth Press. The enormously fascinating book, which contains a mass of instructive material,¹⁰ received significant criticism from both camps, from Lord Milner and from President Steyn of the Orange Free State. The British statesman was of the opinion that ‘the whole case’ had been presented in the volume in the clearest manner, and that it ‘will be a revelation to the world and, most of all, to the British Government’; and Steyn, the Free State President, said about the book and its author, ‘that man is our worst enemy; but unfortunately what he has written about our allies is all true.’ – *The Transvaal from Within* made Fitzpatrick *the* historian of the Reform Movement.

During the war, and afterwards, when the question arose of the erection and establishment of the new State, Fitzpatrick rendered most valuable assistance in the various Councils in England and in South Africa; Chamberlain alone did not avail himself of his advice, nor did he send for him when he toured the country – he specially resented his activities in the Reform Committee. In spite of all this Fitzpatrick received a knighthood in 1902 – the first to be bestowed on any one of the men on the Rand. In the same year he became President of the Chamber of Mines, and it was during his period of office that the introduction of Chinese labour was decided upon.

At the age of barely forty-five he retired entirely from

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business in 1907 and thenceforth devoted himself exclusively to politics. His last years were saddened by the tragic loss of both his sons. He died in 1931.

Sir Percy belongs to those great men – South Africans all whatever country they may have come from – Rhodes, Beit, Phillips, and also Jameson may be included amongst them, all men of affairs, who have helped to add a mighty cornerstone to the mosaic of the Empire.

As politician, Sir Percy's memory stands firm and sure, and yet – in another connection – the present generation has almost forgotten him.

The reverent custom to remember on the 11th November, Armistice Day, throughout the vast Empire by a grateful silence the many Dead and all the Sacrifices, springs from a suggestion made by Sir Percy Fitzpatrick.

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UP to about 1894 Kruger and his Boers were probably not quite certain whether the foreigners in the land were merely a passing phase or would eventually grow into a permanent settlement. Until the deep-levels had been proved there was every justification for doubt on both sides, and when the output increased from month to month, most of the Randlords, full of anxiety and suspicious of so many blessings, probably said to themselves, in the words of Madame Mère, 'pourvu que cela dure.' But at last every doubt had disappeared, everyone had a pretty good idea of what the Rand was worth – it could even be calculated scientifically with more or less certainty; and whether the result showed that the gold would only last several years or decades, or that it was wellnigh inexhaustible, one thing was definite, and that was that the foreigners would remain; further, that they would make every effort to obtain in some shape or other a share in the running of the State. In any event it was impossible for Kruger to assume that the Uitlanders would build him up a great industry, or make his country prosperous, without making demands of some kind – and to comply with demands was a thing he was not inclined to do.

If Kruger had followed the advice of the wise old Jan Hendrik Brand, who for nearly five and twenty years had been President of the Orange Free State, then many things might have taken a very different turn. Brand urgently impressed upon him that it was necessary to 'make friends with his Uitlanders.' But it was impossible to make Kruger budge from the view that the slightest

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concession would be fatal, and when on one occasion someone suggested that in the end there would be nothing left for him but to give the mining people their rights, he replied curtly, 'Their rights! Yes, they'll get them – over my dead body.'

In the early days he was not at all so uncompromising or so averse to any *rapprochement*; as late as 1889 he had, not indeed as President but as a private member, supported a Reform bill, but a year later he made the franchise law,¹ which up to 1882 had been very liberal, more stringent; the relatively unimportant gold rush to Lydenburg had already startled and somewhat frightened the Boers.

The fight for the franchise was merely the platform cry, the outward mould into which the increasingly acute and bitter conflict was cast; it was a slogan which even the rank and file could understand, whilst budget rights, economic policy, the fight of the monopolies were problems which were not quite so clear to them; if these other questions had been in the least way reasonably solved, nobody on earth would have thought of the franchise, as this was a matter in which the leaders of the industry were not to the smallest degree interested.

Looked at from the business point of view the mining people really had no ground whatever for complaint. The financiers could sign excellent balance sheets, the shareholders, even the most exacting amongst them, could pocket fat dividends,² the managers could submit ever increasing figures of output,³ and the speculators could see from day to day in the Stock Exchange List how much richer they had grown overnight.⁴ Everybody was making money, and whoever helped them in the achievement of this end was their friend, whoever hindered them was their enemy – they were business men pure and simple.⁵ Lady Phillips was of the opinion that the Uitlanders had been 'for fifteen years groaning

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under Majuba Hill,'⁶ but this view is just as personal as that of Sir William Butler,⁷ who thought that the English population had no ground whatever for complaint, and had only proceeded with the intention of making mischief – and both those spectators were at the same time in the very centre of events.

Somewhere in between, perhaps not even quite exactly in the centre, lay the truth.

In the early days when everything was still novel, everything was joy and pleasure ('the early days were the happy ones'), Johannesburg and Pretoria understood each other – but never again. Later on nothing but mistakes were made, on both sides, until 'Johannesburg' and 'Pretoria' grew to be hostile factions, and became battle cries, as Venice and Genoa had been in the days of the fight for the Mediterranean. 'The history of relations between the British and the Boers is a protracted tragedy of misunderstanding, intensified by impatience on the one side and obstinacy on the other,'⁸ and even Lady Phillips, who had good reason to be a biased observer, was bound to admit that the British were arrogant, 'assumed a condescending air,'⁹ and expected that the Boers, tough and hard-bitten peasants, should accept their manners and customs and act accordingly.

The Uitlanders could not help seeing, and did indeed without exception see clearly, that they had built up their new industry in a foreign country; the exercise of any influence on legislation was just as impossible for them as any decision on the imposing of taxes and the use of the money raised thereby. In Kimberley the British were at least in their own domain, but in Johannesburg they were under a foreign jurisdiction, and yet had invested many millions in the land, in the hope that the money would earn them good interest and eventually return a two-fold or manifold increase. To make money is in the long run possible only in a well-governed country, and

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the Randlords intended to be well governed; whether from London or Capetown or Pretoria, was – at least up to about 1892 – a minor consideration. Only necessity converted pioneers of industry into pioneers of the Empire.

Nor was it merely their demands which aroused the displeasure of the Government – their very presence in the country was an annoyance to the Boers. Kruger's ideal would have been a patriarchic State, 'with himself as Patriarch, where his burghers dwelt upon huge farms from which no neighbouring chimney was visible, and upon which practically no work was done. A little live stock, left to fend for itself and thrive or succumb as Providence might decree.' His ideal was shaken to its innermost core when the richest gold deposit in the world was discovered within the boundaries of this very State. It is hardly possible to conceive of a greater contrast than existed between the slow, ignorant inhabitants of the country with their masses of prejudices, and the alert, daring and successful crowd which came to populate the Rand.¹⁰

But however great may have been the distrust against the Uitlanders, who were in the same degree both undesired and indispensable, a very short reflection ought to have induced Kruger to adopt a different policy. Whatever Kruger may have wanted, there was one thing which he certainly did not want, and that was a repetition of the days when his predecessor Burgers had to admit in the Volksraad that 'to-day a bill was laid before me for signature, but I would sooner have cut off my right hand than sign that paper, for I have not the slightest ground to suspect that when that bill becomes due there will be a penny to pay it with.' This had happened not so very long before; going back from 1893 it was exactly sixteen years, and the sum in question had been eleven hundred pounds.

In the early days at least Kruger had shown that he

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was not altogether so hostile to gold. When J. B. Robinson reported to the President that the shaft at Langlaagte had reached the first level where gold was found, Kruger still had doubts; 'I have heard all about it, but I am told that it is absurd to attach any importance to your discovery,'¹¹ but all the same he accepted the invitation to inspect the mine; and he examined everything closely; in his presence the quartz was broken and panned, and when he saw that all was correct, he did not conceal his great pleasure and satisfaction, and told Robinson that he was 'very glad.' In Pretoria too they did everything they could in order to assist the young industry; the gold laws were far from extortionate – perhaps because the inexperienced Government officials had not the ability to draw up more lucrative ones, and besides they had been advised by the Johannesburg experts in the latter's interests. Even the building of railways was promoted on the urgent pleas of the people on the Rand, and in the Report of the Chamber of Mines as late as 1890 the thanks of the industry were expressed for reforms which had taken place and reforms which were still expected – but after this those who found the gold spoilt the pleasure of Kruger and his Boers in the gold itself, and when on top of this they began, by reason of their great achievements, to make demands, Kruger came to develop views quite different from the 'very glad' which he had expressed to Robinson.

The complaints made by the mining community, and the demands formulated, related to almost every department of Government administration and were combined and reduced to the lowest common denominator – the cry for franchise; it is wrong, as is so often stated, that this was their only demand. – The taxes,¹² which alone had enabled the old rusty Government machinery to resume its functions,¹³ were used to pay inflated salaries to officials,¹⁴ Johannesburg did not get a railway till

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1892,¹⁵ the administration of justice was pitiful; the dynamite monopoly¹⁶ was a burden on the industry which did not even bring any benefit to the State but merely went to enrich a few concessionaires; the Government itself was dangerously corrupt,¹⁷ and the public funds were mal-appropriated to use no harsher word. . . . This about constituted the list of complaints and grievances which was again and again sent from Johannesburg to Pretoria, but which had never resulted in any real progress; the reactionary wing of the Volksraad simply did not want any reforms, whether great or small – and even refused to put up a sufficient number of pillar-boxes.¹⁸ Not till the Rand had definitely come to the conclusion that with such a Government and such a Parliament nothing would ever be achieved did the mining community concentrate all its exertions on the obtaining of the franchise in order by this means to have a voice in public affairs.

That Kruger should have refused to the last to grant full civic rights to the foreigners cannot be brought up against him – but that he allowed matters to go as far as they did, that constitutes his historic failure. His roughly twenty-five thousand burghers – in the whole of the Transvaal – were faced by at least as many Uitlanders – in and about Johannesburg – who were ready for civic rights. He pointed to the Vierkleur flying over the Government building, and said, 'If I grant the franchise I may as well pull it down.'

When things had come to the point that the only question at issue was political equality, then the political agitation ceased to concern solely the mining industry; franchise petitions¹⁹ were signed by the whole of the population of the Rand, by men of all professions, and even by old burghers from the Free State, whose ancestors had, together with those of the Transvaal Boers, conquered the country and civilised it in their sense of the word.

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At first Phillips, cautious, and afraid that it might injure business, had kept away from the National Union which had been formed in 1892 and at the head of which stood Charles Leonard, a lawyer and politician from Cape-town. Later on, however, he began to flirt with it, then got on friendly terms, and before he exactly knew where he was, he was caught in close relations with it; Charles Leonard had joined the Reform Committee and become its President. This meant far more than a valuable addition, and Phillips, hand in hand with Leonard, represented a power within the Transvaal; the combination of Chamber of Mines and Reform Committee had indeed grown to be a State within a State. Leonard, 'honest, earnest and public-spirited,' and in addition a South African by birth, made it a condition that, whatever might be done, the independence of the Republic must not be interfered with, and that after the success of the revolution—for matters had gone as far as that—they must confine themselves to removing the obvious unfairnesses and then carrying through the necessary reforms. The Randlords considered that they might agree to this, and in their name Lionel Phillips gave binding assurances.

It was the opinion of everybody that all possible means to arrive at an understanding had been exhausted, and every hope of a peaceful compromise seemed to have disappeared. Phillips, the energetic spokesman of the gold industry, had secured allies in every camp and in every Board room. Beit, at first cautious and warning, allowed himself to be convinced that nothing could be done without him, and as he had in former times together with Rhodes financed mining syndicates, so he now financed the Revolutionary Syndicate—Colonel Frank Rhodes, a brother of Cecil, risked his career and joined the leaders—Hammond, of Rhodes's Gold Fields, the technical champion of the Deep Levels, had come to the conclusion that their future exploitation was possible only under an im-

proved economic policy, and in the interests of his Companies he also came in – as an American he of course took not the slightest interest in the franchise question; the great esteem which he enjoyed from the mass of the workers induced the latter to follow him; Sidney Farrar was in Europe; his brother George, politically very discreet and therefore the more valuable, joined unreservedly; J. B. Robinson for many reasons did not come into question – Sammy Marks, however important he may have been, could not be taken into confidence, as, owing to his intimate personal relations with Kruger, this would have put him into a most painful position. Similarly it was out of the question to invite Barnato – a decision which subsequently turned out to be a great stroke of luck for the ringleaders; his partner and nephew S. B. Joel joined the Committee – Percy Fitzpatrick, Phillips's junior partner, was heart and soul in the adventure, and subsequently became the historian of the Reform Movement. – After it became known that Rhodes had joined, it was of course obvious that Abe Bailey, a South African like Fitzpatrick, would not stand out. At the very last moment Henry James King²⁰ came over to the Reformers at the instigation of the Neumann group – only the Goerz and Albu groups stood aside; their exceptional position compelled them to use discretion and reserve.

So it came about that far too many people, every one of whom had to be told, knew about the great plan that failed; too many conflicting interests had to be considered, and as Lady Phillips aptly remarks, everyone 'wanted to be a little too clever.' It was a tragedy of 'too much,' and as in addition everyone wanted on his own account to be cautious, the result was that as a body they were astonishingly incautious. Not one of the ringleaders, every one of them a calm and thoughtful business man, would at a Board meeting of his own Company, have voted in favour of a resolution involving too great a risk,

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not one of them would have endangered the safety of his Company by accepting too high a commitment. But now, in the Board room of the Gold Fields, their headquarters, they entered into engagements – and on ground where they did not at all feel at home and were not to the slightest degree experts – without taking into consideration the possibility of their plan failing. The magnates had contracted in politics such bull commitments that no amount of bear sales of shares could have covered the risk.

Ammunition was smuggled in; Gold Fields and George Farrar's Simmer & Jack received from De Beers consignments which were declared as mining machinery, but contained guns and not even in sufficient quantities ²¹ – their possession thus becoming the more dangerous.

The state of things, the whole atmosphere had become such that it was just as dangerous to wait any longer as to act. The mining community in Johannesburg clamoured for a revolution, and the general population got out of hand – and so the reins slipped from the grip of Phillips and his comrades. No longer was calm consideration the guiding spirit; the nervousness of the town and its excitement may have infected the leaders and induced them to thoughtless acts which never could be undone.

The National Convention summoned for the 6th January 1896 did not take place; the Government was informed ²² that for the last time an attempt would be made to come to a settlement by constitutional means, otherwise recourse would be had to violence.

At this stage the letter ²³ to Dr. Jameson was sent off. – He was to make use of it only in certain defined conditions – and those conditions never arose.

Jameson 'took the bit between his teeth and bolted' ²⁴ and the mischief was done. . . .

Perhaps the thought was never plainly expressed at

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any meeting of the reformers, but it is difficult not to get the impression that it was intended to lay the revolution at the door of Rhodes – if anything went wrong, he would be sure to put it right again. But everything had been so carelessly prepared and so terribly badly carried out that the apple cart which was upset dragged the great man down with it. The Randlords in Johannesburg had underestimated the risk and overestimated Rhodes's power.

As the attempt failed so miserably, it was felt difficult to forgive those who had turned from reformers into rebels ²⁵ – into rebels with unsuitable tools. Even revolution-making has to be learnt.

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IN the home of Sir Lionel and Lady Phillips, first in Hohenheim, and later in Vergelegen, much attention was devoted to Art and Literature, and the master of the house, who in his Kimberley days even joined the ranks of the poets, was considered an Egyptologist of some standing; in otherwise very prosaic surroundings an abode was provided for the Muses, and the Museums of the country received an amount of assistance¹ which lifted them high above the level of the usual provincial collections.

Books also had their birth in this home, for Sir Lionel twice and Lady Phillips once had recourse to the pen. All three books give rise to a wish to know very much more about those exciting days when Phillips neglected ink-pot and mining pit and 'went around with an arsenal in his head.' Both authors surely knew a great deal more than they were willing to tell the reader, and it is a pity that all three books should bear the word 'Some' as part of their title, *Some Recollections*, *Some Reminiscences*, *Some Transvaal Problems*² – especially the last named deals with matters of which one would like to have more details. Although these Memoirs come right from the inside, yet they do not yield us even one glimpse of the private workshop, the Board room of the Gold Fields, in which the plans and preparations were made for the Jameson Raid through which Sir Lionel became a historic character. – Perhaps their very nearness to the events of those days, which now seem so long ago, was the reason why those two authors, like many of their contemporaries who also

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wielded an able pen, were unable to comply with our wishes in this direction, for very often those who are present lack the requisite distance, the necessary perspective, to enable them to write objective – that is, correct – history; perhaps also there were other reasons which led them to think that in this respect a prudent reserve might be advisable. In fact, anyone who has waded through the writings of those who, in the middle nineties on the shores of the Vaal River, were both actors and authors, must experience the same sensation as Monckton Milnes, afterwards Lord Houghton, who through listening to the debates in Parliament was always completely prevented from forming any clear political opinion. . . .

At the age of twenty the son of the London City Merchant Philip Saunders Phillips arrived in 1875 in the diamond fields. The railway terminus in those days was at Wellington, forty-five miles inland, and from there it was a thirty days' journey in carts drawn by mules – the days of oxen were over. The journey had become simpler, and Phillips had an easier road to cover than many of those who had gone out some years before; but to succeed, to step out of the ruck, turned out to be more exacting for him than for many of his companions; he had to work very hard, and had many ups and downs before he won through.

His first employment was with Joseph B. Robinson; there he sorted diamonds, and it was probably a welcome change from the monotony of this work when his chief joined the ranks of the fighting journalists, and made him dummy editor of the *Independent*. Phillips wrote industriously, poems too, and in his *Memoirs* he expresses regret that he did not preserve his metrical contributions.

Things were prosperous in Kimberley in those days,

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and if one had a seat in the office of a man like Robinson, saw much and heard still more, and had the pluck to go into deals on one's own account, one could – if no reverse came along – in a couple of years quite easily make twenty thousand pounds – not exactly a fortune, but anyway quite a nice sum – if one sold at high prices; if one did not sell, then there was only a paper profit. – When Phillips took leave of his friends to pass his first holiday in England, they gave him the good advice to buy 'a couple of hundred' De Beers, for without doubt 'the profit on them will pay for your trip.' When he was leaving, the shares stood at forty-three – but when he arrived in London they were barely twenty pounds. In the meantime the great slump of 1881 had reduced the price of all diamond shares by about half, and his fortune was gone. – With empty pockets things are difficult everywhere, and in Kimberley they were doubly so, especially if burdened with unfortunate experiences. In addition to this the Griqualand West Diamond Mining Company, in which Phillips rose to be Managing Director, had got into difficulties, and an unfavourable contract with the French & D'Esterre Company completed his ruin. Fortunately for Phillips, one of the directors of that Mine was Alfred Beit, and he, ever ready to help, smoothed out the difficulties of the contract and appointed Phillips Manager of the French & D'Esterre Company. – This apparently slight act of assistance became of the greatest importance for all parties – but especially for Phillips himself; he had come into touch with the man who eventually rose to be, second to Rhodes, the leading figure in 'South Africa, he entered a circle which was subsequently of the greatest importance and enabled him to exert influence – it was indeed the beginning of his great career.

Results were apparent almost immediately. News of more important gold finds in Barberton quickly reached Kimberley, and Beit, always ready to take part in new

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ventures, sent Phillips to report on the district. With a somewhat doubting heart and a contract with a small syndicate, whose members included Beit, Rhodes, Oates and some other Kimberley friends, in his pocket he took his seat in the mail coach.— His journey lay through a ‘desolate region. One might travel a hundred miles without seeing a tree,’ and perhaps every twenty miles come upon the dwelling of some poor Boer who was ready to sell, and it would have been possible to buy great farms, as many as were wanted, at a price of about two hundred pounds for 10,000 acres. That is what the district which led to the goldfields of Barberton looked like — it was the Witwatersrand. Henry Hartley, who had discovered gold in Tati, lived in the neighbourhood; Saunders had as long ago as 1861 worked unsuccessfully upon the reef near his house. At that time Struben was slaving away at an isolated deposit at Koomdrai — but what lay immediately beneath their feet, the richest reef in the whole world, that was a matter which did not enter anyone’s thoughts.

In Barberton they tried to play a trick on Phillips, in spite of his mining experience. The samples which he had himself broken off, were undoubtedly gold-bearing, but somehow or other he had the feeling that there was a screw loose somewhere. During the night he went alone to the same spot and broke off some more samples — in which there was not the slightest trace of gold. This is how it had been worked: cartridges filled with gold dust had been shot into the ‘reef’ and the dust had penetrated into the quartz. — This will give an idea of the swindles which unexperienced men might have to face. — After leaving Barberton Phillips visited the Mines at Pilgrim’s Rest and the Sheba, but nothing that he saw there encouraged him to advise his principals to make investments in those ventures. The successful adviser’s greatest merit often lies not in propounding, but in preventing. . . .

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With the great amalgamation the French and D'Esterre Mine also lost its independence, and Phillips his job. He collaborated in the various mergers, but when the De Beers Consolidated Mines had come into being, the management had to be entrusted to a man 'of higher technical qualifications and wider mining experience' than Phillips possessed, and Gardner Williams took over the technical management of the new concern. So there was no more work for Phillips in Kimberley.

Rhodes had invited him to take charge of the concessions which he had acquired through Rudd from Lo Bengula; Phillips personally would have 'loved the job,' but he had in the meantime got married,³ and to take his young wife and the small baby with him into the savage country seemed impossible, and he had to decline. 'Just like you fellows,' Rhodes reproached him, 'hanging a millstone round your neck.' The mission which Lionel Phillips had to refuse was accepted by Dr. Jameson, and the Chartered Company had its inception.

About this time, when almost every month saw some fresh event in South Africa, the Witwatersrand goldfields 'suddenly leapt into renown.' This time Beit was one of the first to get busy, the partnership of H. Eckstein & Co., which had been formed in what was going to be Johannesburg, had already acquired interests in the fields, and Phillips was offered the position of adviser ⁴ in mining matters to that firm.

When he arrived on the Rand, Phillips was thirty-three years of age, understood both practice and theory, and was able to place his Kimberley experiences and his indefatigable energy at the disposal of the new industry and of the youthful firm which had Alfred Beit and Julius Wernher behind it. To at least the same extent to which the Rand was made by strong and clear-headed men, so the Rand has raised those who believed in its future, to important figures – and thus Phillips had in his hand all the trump

cards which are available in the great gamble. When Eckstein left Johannesburg in 1892, it went without saying that his successor in the Chamber of Mines could only be a member of that group which *de facto* stood at the head of the industry, and Phillips became President of the Chamber and at the same time head of the firm. As representative of his two great principals, Phillips himself now became a leader. — A very astute Frenchman ⁵ described him in those days as ‘all nerves, quick thinking and quick living, ever busy and never giving the impression of being busy, wealthy and industrious; always independent and always good humoured.’

Everybody was good humoured in Johannesburg in those days, and had every reason to be. In the early years all grievances were disregarded, and just enough complaint had been made so that people should not run away with the idea that everything was satisfactory. The Transvaal Government hardly came in for more criticism than the Imperial Government about which it was said that in South Africa they ‘did not receive the consideration to which they felt they were entitled’ and that they were treated as if they were ‘almost a minor consideration in the vast question of Imperial relations to all South Africa.’ But none of these complaints could be taken too seriously, for everyone was far too happily engaged with his own affairs to have time for grievances. In those years work proceeded in Johannesburg at a pace the like of which had probably never been seen before or since, for an industry and a community had to be created out of nothing. Phillips, who was the responsible head of two important undertakings, had no time to waste on superfluities, and only important and vital matters attracted his interest. In the course of years, however, the Chamber of Mines ⁶ which, from its early days, was of necessity compelled to deal with problems which were in the main purely political, grew to be the clearing house of all grievances and the ‘Wall of

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Wailing.' Although most, if not all, of these grievances and complaints were justified, there is no doubt that they grew more vocal and were aired with more urgency when times were bad, which is equivalent to saying when gold shares were weak. When by 1890 the happy days of unbounded optimism had vanished and the slump was rendered more acute by the repercussions of the Baring Crisis – when in 1893, before the opening up of the deep levels, it sometimes looked as if everything would end unless the Government was prepared to meet them most generously at least on their main points (which the Government was not), then everything appeared to be within the bounds of possibility – even an armed rebellion. By the end of 1895 after the boom year which had made everybody wealthy, it might have been assumed that any talk of revolution was nothing but idle chatter; anyway it was only poor devils who ever talked of having recourse to the big stick or the rifle.

However this may be, the distrust between Johannesburg and Pretoria had grown stronger, so strong indeed that it might well be called antagonism.

Phillips had been compelled to place himself at the head of the movement 'when it was found that Beit was not well enough to take the lead'; but this, however, stands to some extent in contradiction with Beit's original unwillingness to take part in any movement at all (quite apart from the fact that he would have been a very bad leader in the fight).

When in June 1895 the Delagoa Bay Railway was opened in the presence of the whole of South Africa, and representatives of all countries and all ranks had been invited to the festivities, the Governor at Pretoria went so far in its cavalier treatment of the Mining Community, which after all had practically paid for the Railway, that it sent an invitation to only one member of it, who could hardly have been left out – the President of the Chamber

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of Mines. The tension had already become so strong that Lionel Phillips declined the invitation.

In November 1895 the new building of the Chamber of Mines in Johannesburg was opened, and Phillips availed himself of this important occasion in order once more of clearly to define his views on all questions. 'All we want in this country,' he said, 'is purity of administration and an equitable share and voice in its affairs. I hope that wiser counsels may prevail, and that the Government of this country may be induced to see that the present policy will not do. Nothing is further from my heart than a desire to see an upheaval which would be disastrous from every point of view, and which would probably end in the most horrible of all endings—in bloodshed. But I should say this, that it is a mistake to imagine that this much-maligned community, which consists, anyhow, of a majority of men born of freemen, will consent indefinitely to remain subordinate to the minority in this country and that they will for ever allow their lives, property, and liberty to be subject to its arbitrary will. I hope that the Legislature of this country will recognise this fact in time, and not attempt to do that which is impossible. If the population of this country were only accepted in the spirit in which it has offered itself, it would be a strength to the others instead of a weakness.'

The very greatest importance was attached to this speech both in South Africa and in Europe. Comparisons were drawn with Belshazzar, and leading articles which dealt with the subject bore the heading 'The writing on the wall' and 'Mene, Tekel.'

Statements like this, which were not too promising, naturally led to the most acute reaction on the Stock Exchanges. Two months before no price had been too high for speculators anxious to buy mining shares—now everyone was eager to get rid of them. All wanted to go out by the same door, and it goes without saying that

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those who were the first to become aware of the danger also stood nearest the door and were the first to find their way out. The fall in prices had begun towards the end of September, owing to sales from quarters which remained a mystery even to men who knew every market move – even to a man like Barnato; now, after the speech, the fall degenerated into a panic, which gradually turned into a chronic slump.⁷ Fortunes were reduced to mere fractions of their boom figures or were completely lost.

Enormous was the blame thrown on all the Rand financiers, irrespective of whether they belonged to the Reform Committee or not – and most of them were members of it – especially on Beit, Rhodes and Phillips. It was said quite openly that this political action was nothing more or less than a well-prepared manœuvre on a large scale to bring down prices; that Beit, Phillips and Rutherford Harris (the last named as representing Rhodes) stood at the head of a secret syndicate formed with the intention of bearing Chartered and other South African shares, and further that the big houses had all sold even before the Mene Tekel speech.

All of them denied the accusations most emphatically, and Beit refuted the suspicion cast upon him before the Commission of Inquiry. – A glance, however, at the Stock Exchange lists shows that prices had actually dropped very considerably even before Phillips made his speech,⁸ and a very short reflection will lead to the conviction that a director of, say, a holding company would expose himself to the reproof of being a very bad business man indeed if, aware of coming events, he did not, in the interests of his shareholders, lighten his commitments as far as in any way possible. – How the ‘man in the know’ disposed of his private holdings is yet another story (and anyway during the summer of 1895 the price lists showed a very considerable alteration – Raid or no Raid).

Phillips’s speech, while marking the opening of the

new Chamber, at the same time marked the close of the existing era.

At first – and great stress must be laid on this – Phillips was a man of the utmost caution, but subsequently the fever of revolution caught him too. Many of his private letters to Beit, copies of which were found when his house was searched, contain passages referring to a resort to arms. A more cautious man – and a trained revolutionary – would have seen to it that such letters were destroyed; but as it was they could easily be used in evidence against him before the Court; altogether it was a piece of bad luck for the Reformers that they were so self-confident, felt themselves much too strong and much too safe even to take into account the possibility of failure. On top of this sense of power came the success of 1895, the extent of which not even the most confirmed optimist could have dreamed of. They'd got the mines, they'd got the men, they'd got the money too – and now they wanted the country as well. Under which flag – that was a question which for the moment might be left out of consideration. Round about the critical period James Bryce was staying with Phillips, and as the guest had many opportunities for observation and drawing his own conclusions, his host laid himself out to make the position quite clear to him. According to Sir Lionel's recollection – not according to notes made at the time – the conversation which had been carried on under the pledge of secrecy, closed with Bryce's question, 'What flag?' and the reply, 'Transvaal flag.' 'Bryce then said, to my surprise, "Why not the British flag?"' I answered, "Surely no one knows better than yourself the vast difference between upsetting a government and changing its flag." ' Bryce at once assented, and as a member of the Commission of Inquiry he tried at the examination of his whilom host to exonerate him by bringing up the question of the flag.

When the excitement was at its height, Phillips, who

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prudently had sent his family to England, received the news that his wife was dangerously ill. This meant that he might have to leave South Africa at a moment's notice – and all the threads were held in his hand – he was indispensable. 'Phillips, you cannot do it, men would call you a coward. In fact, if you heard your wife was dead, you dare not leave now,' he was told.

After the Raid, when it looked as if everything might collapse at any moment, Phillips cabled to his wife in London that the Government had made numerous arrests in Johannesburg, 'so I have given myself up, going to Pretoria prison to-day,⁹ do not come on any account.' Lady Phillips went through an absolute hell of a time in England, in constant uncertainty as to her husband's fate; she hardly dared to spend any money, for she had been told that they were 'utterly ruined.' Beit and other friends looked after her as well as they were able, but they themselves were helpless too, did not and could not know anything. By the end of February she could not bear to stay in Europe any longer and she made her way to the Cape. So as to be able to see her in Johannesburg Phillips had received a special permit granting him twenty-four hours' leave.

In April the legal proceedings in Pretoria began. It was impossible to foretell what the judgment would be, but in any case it had been expected that Phillips would get five years; as things stood – the accused had pleaded guilty – anything might happen. Fitzpatrick had assumed the superhuman task of telling Lady Phillips the sentence; he had barely entered the room, not spoken one word – but she had seen from his face what had happened; 'you need not tell me; it is death.'

Together with Phillips, Frank Rhodes, George Farrar and John Hays Hammond had been sentenced to death.

In spite of any difference in their views of the now historic event, London and Johannesburg were at once

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united as they had never been before. Without any need for the slightest urge, as if of their own volition, every quarter which could give any assistance mobilised in the effort of saving the prisoners; even more powerful, however, than any diplomatic interventions were the able exertions of a man on the Rand who was in no way connected with politics: Barney Barnato, pointing to figures with one hand, the other fist clenched, made Kruger see reason. On the 11th June, Phillips and the others were free men once more; Sir Lionel and Farrar made a triumphal entry into Johannesburg and were carried shoulder-high to the Capitol of the town – the Stock Exchange. Two days later Phillips, accompanied by Fitzpatrick, left for England.

Phillips and Farrar had their business in the Transvaal, and in order to be able to attend to it they had pledged themselves under pain of banishment not again to interfere in politics; Phillips returned towards the end of the year, but his reply to an article by Sir John Willoughby in the *Nineteenth Century* in which he was attacked, gave the Government a welcome pretext for expelling him.

After a stay of more than twenty years in South Africa, a new epoch now began in Phillips's life; returned to the old country he helped with Wernher Beit & Co. to direct the destinies of the gold mines.

He settled down at Tylney Hall in Hampshire, became Deputy-Lieutenant, J.P., then High Sheriff, and intended to spend 'the rest of his life' there. In spite of his association with the unpopular Chinese Labour question he might even have become M.P., for the fact that he had been condemned to death impressed the electors of North Paddington, and 'party views went by the board.'

After the Boer War progress on the Rand was very slow, and his firm missed the man of such great experience and energy – Beit and Wernher urged him to resume in Johannesburg his old position in charge of the local firm, and so in 1906 he once more returned to South Africa. Two

LIONEL PHILLIPS

years later the Chamber of Mines – for the fifth time – elected the young veteran as their President. Owing to the change of residence the election for North Paddington had fallen through, but for a few years he was a member of the Legislative Assembly of South Africa, without, however, finding much satisfaction in that direction. ‘Most of my life has been spent in the organisation of works, the direction of affairs, and the management of men. That involves plainness of speaking, without troubling about diplomatic niceties, without reservations and equivocations.’ So he found Parliament ‘rather futile and wearisome’ and retired from the Parliamentary stage.

The World War once more made the greatest demands on him – by now Sir Lionel Phillips, Bart. – his abilities and his experience. Although in the mines all Englishmen whose presence was not of vital consequence for the industry had joined the Army and had been replaced by men of less experience, yet in the interest of carrying on the war it was imperative that the output should on no consideration fall off, for an uninterrupted supply of gold was as necessary as ammunition. Sir Lionel and the industry were successful in their task; only in the first year of the war was there a slight falling off.¹⁰ In England, on the other hand, other and more painful tasks claimed his attention. After the death of Sir Julius Wernher (in 1912) the great mining interests of Wernher Beit & Co. had passed into the ownership of the Central Mining & Investment Corporation,¹¹ whose Chairman was the senior of the former partners, (Sir) Frederick Eckstein (Bart.), and whose Board included L. Reyersbach and C. Rube.¹² Irrespective of the fact that they had long ago become naturalised British subjects, these men of German origin were looked upon as unreliable, suspect, and often as ‘potential spies,’ and Lionel Phillips, the champion of the Uitlanders in their fight for equal rights – in the Transvaal – had the no doubt far from attractive task – in England –

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to cleansing the Company which was the successor of Wernher Beit & Co. as soon as possible from all German taint, or there would have been the risk that the Central Mining Co. might have had to go into liquidation. Sir Lionel Phillips himself became Chairman, and in spite of his treatment under the influence of war psychosis Frederick Eckstein was subsequently found worthy of the dignity of an English Baronet.

For ten years Sir Lionel was at the head of the Central Mining Co. and in 1924 he resigned this and many other offices and retired to the country. The gold mines which he raised to their high position and which made him great he only watches from a distance, and the former business man enjoys life as an agriculturist on his country estate at Vergelegen and raises stock.

Sir Lionel and Lady Phillips, who before long will celebrate their golden wedding, are among the very few who knew Johannesburg, now a town of over two hundred thousand white inhabitants,¹³ as a collection of many tents and a few sheds, and are happily still with us. Everything which lies between they have seen, all the ups and downs have been experienced by them, and both, each in his own place, have furthered the world-wide industry of gold digging.

One distinction, however, Sir Lionel Phillips alone among that small band of veterans may claim for himself: 'It is not every man who has had the experience of being sentenced to death.'

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THE Rand was no field for the individual digger, nor even for the mine under individual management. Hence, from almost the very earliest days a far-seeing wisdom which, as we look back upon it, fills us with astonishment, developed a group system – a combination of various mines (and subsequently of other industrial and trading concerns) under a common financially strong management. Only by this means has it been possible to bring the Witwatersrand, which covers a far greater area than is usually supposed – it extends in a curve of about sixty miles from East to West – to the productive stage in relatively so short a time. The South African Goldfields can boast of many noteworthy features – the group system is one of them.

The original outcrop mines could be worked on a small capital, but the position was different with the deep levels. The opening up of these necessitated the provision of millions of capital, and no individual mine would have been able to raise them. It was absolutely necessary to have vast combines which were in a position to provide and advance the enormous sums required until the underground developments had reached the stage of production – and in many cases (to say nothing of the mines where no gold or only an unpayable quantity was found) this took many long years, in the Government Areas, for instance, seven, in the Sub-Nigel as much as seventeen years.

As the Rand industry could not shake itself free of its strong dependence on the Stock Exchange and its List – another feature of the development which is dealt with in detail in the first paragraph of the chapter ‘The Boom’ –

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these combines offered at least two further advantages from the point of view of finance, or more correctly, speculative finance. For one thing: there stood between the undertaking itself and the shareholder, be he speculator or investor, a third very important party – the financing house. The man who did not blindly follow, to his good or bad fortune, the first tip that came his way, very soon learnt to know which concerns treated him decently, and which had as their *sole* object the pocketing of his money. There was, for example, appreciably less risk in becoming interested in a new venture of the Wernher Beit Group than in one of – another group. True, the scrip of every newly floated mine represented nothing more than a bill, the due date of which would not be inserted till later – a bill on the future; but it became more and more the custom to examine the third signature on that bill – the endorsement of the group – and experience has shown that in good hands even the shareholder came off quite well in the long run (the dividend tables, which are repeatedly given in the various chapters of this book, are a proof of this). – The second advantage of the group system, still considered from the point of view of finance, was the creation of a new type of share – in the holding companies themselves; the more exacting investor could acquire a share which represented the spreading of his risk, and gave him an interest in a number of mines; although he could never make so much profit as the shareholder in the mines itself if there should be a sudden rich find, yet on the other hand he could not lose his all if one venture of his concern turned out to be still-born. The Stock Exchange movements of the shares in these holding companies were much more calm than in the case of mining shares, a wider class of non-speculative investors took an interest in the Rand, and in this way further sums were made available for its development.

At first these groups were simple partnerships; since, however, Wernher Beit & Co. was liquidated in 1912, the

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Neumann Group was dissolved in 1916 and Sir Joseph B. Robinson sold his interests in 1918, there have been really only two groups which continue as simple partnerships, and even these are almost identical with the holding companies formed by them – Barnato Brothers with the Johannesburg Consolidated Investment Company, and Lewis & Marks with the African & European Investment Company; all the other groups have become limited companies.

In the great days, about the middle of the nineties, there were ten groups who controlled the mines on the Rand; placed in the order of their importance – which obviously was subject to a constant change, as they were business undertakings (and remarkably speculative ones at that) – they were as follows:

Wernher Beit & Co. (H. Eckstein & Co.).

Consolidated Gold Fields (*Rhodes Group*).

Johannesburg Consolidated Investment Co. (*Barnato Brothers*).

J. B. Robinson Group.

S. Neumann & Co.

Albu (General Mining Group).

A. Goerz & Co. Ltd. (subsequently Union Corporation).

Anglo-French (*Farrar Group*).

Lewis & Marks Group (African & European Investment Co.).

Abe Bailey Group (South African Townships).¹

These were the 'Big Ten' in whose hands lay the full power in Johannesburg and on the Rand, and who could regulate the stream of gold which flowed from the mines – and who frequently availed themselves of this power for their own speculative interests. They could make the sun to shine on the Stock Exchange and the rain to pour down, for there were times when they did not altogether approve of the constantly rising prices at which they could willingly and easily dispose of their holdings; there were many ways which made it possible for them to buy back – needless to

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say at lower prices – and a not uncommon one was for a while to exploit only the low-grade ores; this resulted in a drop of the monthly output figures, anxious shareholders became sellers, and once the stone has begun to roll it continues its downward course until an intervening force places itself in the way – the Randlords became buyers again, and the game began anew. It would almost seem as if the methods devised and proved by the old pioneers have by no means yet fallen into oblivion, but have descended as heritages to the new generation of mining bosses.

There is no doubt that much blame and many reproaches can be cast on the 'Big Ten,' especially in the days of enormous excitement during the nineties – which at the same time were an era of gigantic productive advance – but there is also much to be said to their credit. There are many important respects in which the leaders in Johannesburg differed from those in more temperate – say European – zones, but one important respect was that the men on the Rand stuck to their guns, and allowed nothing to discourage them. In other and older classes of business the leaders have been too much and too easily inclined to step back into the ranks as soon as serious obstacles began to be met with. So much must be said of the Randlords, that never, not even when the heaviest setbacks darkened any glimpse of the future, did they waver, and never did they try to throw off the responsibility which they had voluntarily assumed. Energetically and consistently they steered the industry they had created through its every stage, and the marvellous results on the Rand were made possible only through the sturdy individualism of the leaders.

Nearly every one of the great concerns had its origin in the winning of diamonds or gold, and still more often in the production of both; it was not till later that they extended their activities to other departments and other industries. The development of Lewis & Marks proceeded on different lines; from the start their interests were manifold, and only

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one side of their numerous ventures was concerned with mines.

The soul of the business was

SAMMY MARKS

(whose original character has already been mentioned in this book in the most varied connections), a Russian by birth, of small beginnings, and entirely without schooling – which in any case might easily have been rather a hindrance than a help to him – but he was very clever, very intelligent, had a ‘wonderful business prescience’ and was a man of his word. His English was not easily understood in conversation, and is said to have been even worse when written, and it is reported that his correspondence with his partner *Isaac Lewis* (born in 1849; they were brothers-in-law) was carried on in the ancient Hebrew characters. But Sammy Marks spoke Taal – the Boer Dutch – fluently, and this counted with Kruger, who had a special affection for the shrewd and decent man and, together with many other Boer leaders, he often and willingly listened to his advice (and as to de la Rey, Marks had most discreetly helped him out of a very awkward situation). In the pre-Rand days, the days of difficulty, at a time when no one had the pluck to take such a risk, he had privately lent the Government money, and this loan, which was but a trifle for both parties in later days – a mere five thousand pounds – constituted his passport to his future very considerable and profitable influence in Pretoria; it would not have been expensive even if he had waived any repayment.

Unlike so many others who only pretended, Marks really understood the mentality of the Boers, and in particular of their President, most thoroughly; the man who possessed this knowledge had an immense advantage over all those who either lacked the ability to enter into the mind of the Boer, or did not take the necessary trouble to acquaint themselves with the character of the inhabitants of the land.

It was in this failing, that 'the English don't understand the Boers,' that Marks again and again saw the source of all mistakes and misunderstandings; he considered the impending Boer War to be avoidable, thought it 'a preposterous blunder,' and as long ago as 1897 – much earlier than Wolseley, who did not till September 1899 report to the War Office that 'if this war comes off it will be the most serious war England has ever had' – Marks had expressed the view that the war would spread much farther and last much longer than was anticipated, that more than a hundred thousand men would be required to carry it through and that it would cost hundreds of millions. If it had been left to him, Sammy Marks, to settle up everything, twenty million pounds would have sufficed to clear up all misunderstandings and to remove all causes of friction.

Although looking at matters from a very strict point of view it was impossible perhaps to approve everything he did in the way of business, yet everyone liked the simple and shrewd man who by his own power and gifts had worked himself up to be one of the leading men of the country; his firm grew to be one of the most powerful in South Africa, and as regards landed properties the greatest.

The freehold areas now held by the African & European Investment Co.,² including those held through subsidiary companies, represent a total of 2,963,946 English acres. This statement probably conveys just as little to the reader as it did to the author, and he therefore tried to put it in another way: as the county of Middlesex comprises an area of 283 square miles (1 square mile = 640 acres), the landed properties of Lewis & Marks are roughly sixteen and a half times as large as Middlesex including the Cities of London and Westminster. – Their varied activities extend from Kimberley to Barberton (Sheba Mine)³ and Johannesburg through Swaziland, Bechuanaland and Cape Colony. They own or control about three hun-

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dred farms; on one estate covering eighty thousand acres a herd of springboks was maintained and preserved; other properties of the concern include plantations, collieries, breweries, glass, steel, brick, tile and tube works, mills, even a golf club, and finally also diamond and gold mines.

If the house of Lewis & Marks stood entirely apart from politics, the atmosphere in the precincts of Farrar Brothers was laden with its electricity.

SIR GEORGE FARRAR,⁴

whose strong and energetic personality the reader has met on many pages of this book, was in every respect of a combative nature. On leaving school he received a thoroughly practical training in the engineering firm of Howard Farrar & Co. at Bedford, of which his uncle was the head, and it was in order to sell mining machinery that he went as a young man first to Port Elizabeth and then to the Rand. Not till he had become acquainted with Carl Hanau did he become a regular mining man; under the name of the H(anau)-F(arrar) Company they entered into partnership and the East Rand Proprietary Mine was founded,⁵ where Farrar's engineering knowledge and training rapidly secured him a commanding position. Again and again he explained to his shareholders and to the general public that the best interests of all would be served by the consolidation of different units; he made propaganda for amalgamation on the Rand and at a public meeting at West Boksburg in 1908 he summed up his views as follows: 'If you want people to invest money in these fields you must give them a permanent security. Give them something with a long life: give them regular dividends and fair dividends. That will do more to bring back prosperity to the Transvaal and a restoration of confidence.'

Sir George Farrar's extensive activities reached their height in the absorption of the East Rand Proprietary, its several subsidiaries and certain deep levels, 'along with some

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ninety-one other claims' by the Farrar-Anglo French Group. The great ambition and dominant dream of Sir George, who had kept the ideal of Identified Interests steadily before him for over a dozen years, was realized, and almost single-handed he had effected the combination from which arose a new East Rand Proprietary with a capital of two and a half million pounds, one of the world's biggest corporations.⁶ This powerful group, which had Sir George as its Chairman, enjoyed on the Rand the particularly valuable reputation of being managed in a very businesslike and far from speculative manner.

From 1895 on Sir George added a political to his mining reputation by assuming the most prominent part in the agitation which culminated in the Raid; he was tried for high treason and sentenced to death. – With marked distinction he served throughout the Boer War, held the rank of Major and at the conclusion of the campaign was rewarded for his services by the honour of a Knighthood; in 1913 the confidence of the mining industry called him to the Presidency of the Chamber of Mines; on his initiative the famous Ordinance for the importation of unskilled Chinese labour⁷ for employment within the Rand was introduced and passed by the Legislative Council. – Politically he again came to the fore when in 1906 he organised the Transvaal Progressive Association to fight for the non-Boer Party and was elected its first President.

During the Great War he again took up arms and served at the front in South-West Africa. – Sir George, who at one time was very rich, left his affairs in a somewhat precarious state when he met his death prematurely at the age of fifty-six as the result of a tragic accident.

The great Combine of Anglo-French-Farrar,⁸ which in addition to the East Rand Proprietary controlled other great mines, has completely disappeared; only the Anglo-French Exploration Co.,⁹ formed in 1889 and one of the oldest finance companies of South Africa, survives to-day.

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The once powerful group of S. Neumann & Co., founded in the early days of the Rand by

SIR SIGISMUND NEUMANN, BART.,¹⁰

has likewise vanished.

Neumann belonged to the number of South African mining men as long ago as the distant days of Kimberley, where he was buying stones for V. A. & E. M. Littkie; Barberton also he had tried, and then had come along with the others to the Rand where he succeeded in a relatively short time in bringing his firm to high repute; at times the interests of the wealthy group were very extensive,¹¹ and in addition to ventures under their own management they were interested in the best mines on the Rand. Sir Sigismund managed to collect a staff of excellent collaborators who appreciably contributed to the success of his firm and who were in part amongst the most interesting characters of the growing Johannesburg. *Charles Sidney Goldmann*,¹² a man of many activities and varied gifts – soldier, politician, journalist and author – placed his vast practical mining experience as partner in S. Neumann & Co. at the disposal of the public, and published excellent reference books as to the Mines on the Rand. His literary efforts extended to other subjects also, and he has written several essays on military matters and cavalry problems. Major Charles S. Goldmann, now a man of sixty-seven, has for many years been living in England.

Henry James King, a member of the Reform Committee,¹³ and William Henry Dawe, who was President of the Chamber of Mines in 1915, both for a time belonged to the Neumann group. But the most original character in this circle and one of the most interesting men on the Rand generally – who could gain prominence only in such an atmosphere – was *Carl Hanau*.¹⁴

He was a daring financier without experience of finance, a far-sighted mining man without any technical training –

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but he had intuition; he had been among the first to recognise the three most powerful features in the development of the Rand: he had realised the potentialities of deep-level development at a time when most men were scouting such views; he had foreseen the possibilities which lay in the abandoned mines of the East Rand, had drawn George Farrar's attention to them and helped the latter to combine them in the East Rand Proprietary, and as far back as 1902 he had had the notion – brilliant in itself – to dig for gold in the Nigel District, where to-day Sub-Nigel¹⁵ annually distributes its 145 per cent dividend, but where Carl Hanau with his Coronation Syndicate¹⁶ lost his own money and that of his friends. – In his hands most of his big ideas never materialised; he made and lost several fortunes 'with the celerity of a juggler producing and effacing rabbits from a hat,' but had the luck and the optimism always somehow to fall on his feet again, was ever generous and liked to give if he had anything himself – but whatever may have been the state of his finances, he always had time and inclination for the eternal feminine.

For a few years the men around Neumann included *Ludwig Ehrlich*¹⁷ who, together with *Fred. Howard Hamilton*,¹⁸ is to-day at the head of the H(amilton)-E(hrlich) Group and the Luipaards Vlei Estate and Gold Mining Co.¹⁹ Ehrlich was considerably more lucky than his sometime chief Carl Hanau who, roughly five and twenty years later, almost entered Ehrlich's service.

Sir Sigismund Neumann himself retired relatively early from the management of his group; his last visit to South Africa was in 1910. Although the withdrawal of so active a man left an appreciable gap, yet it proved to be of considerable advantage that a personality of such power and influence should be available in London who could at all times look after the interests of the gold-mining industry in the very heart of the Empire. In London Sir Sigismund had a banking business of his own under

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the style of Neumann Luebeck ²⁰ & Co. at Salisbury House, of which he was one of the chief owners. At 146 Piccadilly and at Invercauld, a few miles from Balmoral Castle, he entertained on a large scale, and he belonged to the circle which stood close to the immediate entourage of Edward VII; in 1912 he was created a Baronet. — Part of the interests of his group had been acquired by other combines during his lifetime, and after his death it was dissolved.

The assumptions which governed the foundation of A. Goerz & Co. (to-day the Union Corporation) were entirely different from those which led to the formation of the other groups.

ADOLF GOERZ ²¹

was not a financier, still less a speculator — he was a Mining Engineer. — His brother-in-law, George von Siemens, a member of the well-known family of electricians, was one of the founders of the Deutsche Bank, and during the first decades of its existence its head. At the request of this great institution Goerz went to the Transvaal for the first time in 1888, negotiated with Eduard Lippert for the grant of a banking concession ²² (which came to nothing), and needless to say profited by his stay in the country by studying closely its conditions and the gold industry, which was then in its infancy; a small Syndicate was formed, and this in 1897 developed into A. Goerz & Co. Ltd.²³

In addition to the manifold general reasons which lead to an industrial undertaking of any kind, political considerations exercised a great influence in the formation of this Company on the Rand. As long ago as the later eighties the German banks, established or grown to importance during the years of expansion following on the Franco-Prussian War, and towards the end of the century pace-makers and financiers of the German aspirations to World Trade, had tried to shake off the shackles of the dominant world-currency, the Pound Sterling. It was

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bound, therefore, to be part of the programme of the Deutsche Bank, the leading concern which was the first to open a Branch in London (compulsorily liquidated during the war), to take an interest in the industry which produced the greater part of the world's gold, so that the gold won with German money might, if at all possible in German ships, be brought straight to the Reichsbank. For this reason Goerz and Siemens would have liked to form a Company under German law, but there were many objections to this, the main being the practical one that according to the German Acts they would only have been able to issue shares of the nominal value of M. 1,000 (£50), and would thus have lost the benefit of the easily handled £1 share.

Goerz, the mining expert and trained technician, looked at the mines from a standpoint entirely different from that of most of his colleagues. No doubt he also had come to the Rand to make money, but a special attraction for him was bound to lie first of all in the technical problems, in the solution of which he could take a share; looking back on things it would almost seem as if it had been his ambition to prove that under expert management even second-rate and worse mines could be turned into profitable undertakings. In the early days the Meyer & Charlton Mine ²⁴ (managed by them in conjunction with Albu, subsequently to come entirely under the latter's control) was the show-piece of the group, everything else at that time being of very little value.²⁵ (At the start Goerz had often worked hand in hand with the other German group, the Albu's, and not until the latter came to be financed by the Dresdner Bank, which to a certain extent competed with the Deutsche Bank, did they go their separate ways.)

Goerz was not turned into a public limited company till 1897, when Lord Battersea,²⁶ the son-in-law of Sir Anthony de Rothschild, was appointed Chairman. But long before the limited company entered the ranks of the



ABE BAILEY

Vanity Fair

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'Big Ten,' in fact long before there even was a limited Company, Adolf Goerz had risen to be a power on the Rand. He took a prominent part in the solution of many of the other technical problems; he was, for instance, largely connected with the erection of the Rand Electric Works, and the moving spirit in the foundation of the Rand Central Ore Reduction Works, a metallurgical undertaking the general operations of which consisted of smelting and refining.

Goerz Limited, originally only a holding Company, had gradually developed into a great mining house which turned to the opening on its own account of new districts and the flotation of mines; Modderfontein Deep ²⁷ and Geduld Proprietary, ²⁸ both formed in 1899, were the best of many.

Adolf Goerz himself did not long enjoy the rise to power of his group; he died in 1900 during the Boer War; whilst he must without a doubt be included in the 'Big Ten,' he was by no means one of the 'Randlords.'

One of the early collaborators of Adolf Goerz (from 1896 on) was the present *Sir Henry Strakosch*, ²⁹ whose influence and importance extend far beyond the limits of gold production. He is recognised the world over as an authority on money matters and exchanges; his influence on the development of currency and the organization of Banking in South Africa was so great that the objection was expressed that 'the Commission seems to have been clay in the hands of Sir Henry Strakosch.'

Although A. Goerz & Co. was an English Limited Company, yet it was controlled from Germany, and its most influential shareholders were German banks; during the World War it underwent quite special transformations together with so many mining undertakings, even the Central Mining & Investment Corporation not remaining exempt. ³⁰ Since 1918 the name 'Goerz' has disappeared, and the Company is now the Union Corporation.

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The history of the other of the two originally German groups lacks the individuality of the Goerz Company; like almost every other of the Rand houses the Albu's had their beginnings in Kimberley.

SIR GEORGE ALBU, BART.,³¹

emigrated as a young man from Berlin to South Africa, was employed by Stuttaford's the drapers (now Stuttaford & Co. Ltd.) in Cape Town and in 1876 arrived in the diamond fields with his brother Leopold³² who had preceded him to the Cape. Originally exclusively brokers, the brothers in the course of time acquired interests in mines, and in 1881 George Albu joined the Board of the Eldorado Diamond Mining Company which, however, was in constant difficulties, passed through various hands (including those of William Knight who subsequently gave his name to various gold ventures³³) and eventually found a safe anchorage in the haven of De Beers. — Albu remained in Kimberley for a relatively long time — till 1891 — and only then settled down permanently in Johannesburg to which he had paid frequent and lengthy visits at the request of shareholders in Meyer & Charlton; practically all the shares in this mine being at that time held, and at a very high price too, by Kimberley speculators. Albu, interested in the most varied ventures in the goldfields, concentrated personally on Meyer & Charlton, when the far-sighted and energetic man had recognised what an extraordinarily brilliant property he had in this mine. He himself became managing director, for years went below ground every day, and as a good mine makes a good manager, Meyer & Charlton turned Albu into a mining expert of the very first rank.

Gradually the firm of Albu acquired various other properties, extended its activities and was beginning to be a power on the Rand just when the days of the great boom robbed the whole world of its perspective and its

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appreciation of the limits of a reasonable valuation of mining shares; it was, therefore, of extraordinary importance for the rising concern that it should receive a strong financial support just as the slump began; the Dresdner Bank, which liked to go in for affairs (but often at the wrong moment) which the Deutsche Bank had already tried out, formed the General Mining & Finance Company³⁴ to take over the firm of G. & L. Albu, which had perhaps by then extended its operations rather too far, and gave it a strong and lasting financial basis. In the first few years the young group was managed as a private company and no report was published, as the shares were 'privately held by G. & L. Albu, Dresdner Bank and several other German Banking Institutes.'³⁵ The first dividend was paid in 1902; whilst in the case of certain individual mines belonging to the concern the shareholders came off very well, those of the Group itself were less fortunate; in the thirty-two years only twelve dividends were paid, which show an average annual return of less than five per cent.

Sir George stood completely outside politics; during the days of the Reform Committee and the Raid he adopted the discreetest reserve, but joined in the secession from the Chamber of Mines under Robinson.

With his wonted energy Sir George still stands at the head of the combine which has now grown very strong and consistent; since the World War the influence of its German founders has been eliminated.

In every respect a chip of an entirely different block from any one of the other Rand leaders who are still among us, is

SIR ABE BAILEY, BART.³⁶

In the days of his somewhat wild youth the son of the Hon. Thomas Bailey, whose father had emigrated from Keighley in Yorkshire to South Africa, can hardly have dreamt that at a future time he would be appointed a Lord-Lieutenant of the City of London and even be raised to

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the dignity of an English Baronet. In those days he already liked to 'gang his ain gait,' and this never makes for popularity. 'The cosmopolitan financial pioneers of Johannesburg's early days were full of guile and had their own standards – which were sometimes peculiar. The youthful Bailey pitted his brains against theirs and often came off best.' In the big boxing fight for the South African Championship ³⁷ too Bailey came off best – he had heavily backed his old teacher Couper, who did not succeed in beating his opponent Bendoff – equally heavily backed by Barnato – till the twenty-fourth round. Although in many other respects the former boxing enthusiast may have altered, yet he retained his sometimes exuberant temperament and his love of sport of every kind; in his youth an excellent cricketer and shot, he now takes the lead in the breeding of cattle, sheep and horses, and his colours are seen on the English and South African Turf. Invited to the annual Derby Dinner shortly after the War, he made a speech which in those surroundings was bound to be looked upon as revolutionary, for he offered suggestions, made propositions and drew 'a glowing picture of the incalculable benefits that would accrue to racing and breeding' once the totalisator was introduced. After this Sir Abe can hardly have been surprised if some time had still to elapse before he was elected a member of the Jockey Club.

Bailey's business importance only came to him through his relations and subsequent friendship with Rhodes, who had a very great opinion of him and valued the open-handedness and power of quick decision of the man who took his share in every new venture of the Chartered Company, who had so strong a faith in the future of the recently opened country that he became one of the greatest, perhaps even the greatest, individual holder of land and mining properties in Rhodesia, which have now passed over to the London & Rhodesian Mining & Land Co.³⁸

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When Rhodes died Bailey acquired the house of Muizenberg which the great man had just begun to build, and as Progressive Member he 'inherited' his constituency of Barkly West (Kimberley). All this may have induced the highly impressionable Bailey to believe that the mantle of Rhodes had fallen on his shoulders, and he did not conceal this view. But Sammy Marks thought it necessary to disillusion him. 'Aha, my dear Abe,' he said, 'it may be a very natural idea to you that the mantle of Rhodes has descended upon your shoulders, but I, having had some experience of second-hand clothing, candidly tell you the mantle won't fit,' and the shrewd little man probably was quite right. But as a matter of fact Bailey had no reason to bear him a grudge for this ironical remark; he had come to the Sheba at Barberton with the intention of settling down there; Sammy Marks had pointed out to him that everything was over and nothing at all left, and had advised him on no account to stay but to have a shot at Johannesburg. That is how Bailey came to the Rand in 1887.

In the rising Johannesburg the Jeppe³⁹ family was taking an important part; together with L. P. Ford they had formed the Jeppe & Ford Estate Co. which had acquired and was still acquiring enormous building sites from *Jeppestown* in the west to *Fordsburg* in the east of the new township. With this Jeppe family Bailey entered into a kind of partnership and now the activities began to extend far beyond Johannesburg; cotton and tobacco were planted, coal and platinum prospected for, and the Estate Company developed into the South African Townships, Mining & Finance Corporation,⁴⁰ to this day the holding company of Sir Abe Bailey's very widespread interests. Compared with his other immense activities – Sir Abe is still a member of twenty-seven Boards – the gold mines pure and simple take something of a back seat; but he has become a land-owner on such a vast scale on the Rand and all over

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South Africa that this fact alone assures him of a leading position.

He has sat in three Legislative Assemblies, at the Cape, in the Transvaal, and subsequently in the Union; but in spite of this vast experience it has been said of him that he never really knew politically what it was he wanted, 'he always seemed on the very threshold of some notable achievement, but he never got beyond the threshold.'

This may be so. But as a business man Bailey always knew exactly what he wanted, managed to attain his goal, and has got far beyond 'the threshold' to great success.

In his inborn strength Sir Abe Bailey still somehow personifies the spirit of the adventurers of the very early days of Johannesburg.

It is due to this spirit of adventure alone that all the obstacles, both the natural ones and those which arose from the pioneer's own mistakes, were overcome and the industry met with full success in so short a time. Only self-made men could have achieved this, and self-made men – in the best sense of the word – they all were, the men who from small beginnings rose to be Captains of Industry and Randlords.

Many multi-coloured stones – coming from the most varied countries – compose the mosaic of the men of South Africa. The cement which held them together was the 'sturdy individualism' of the Anglo-Saxon race which took the lead from the earliest days in Kimberley and on the Rand; only those could be assured of real success who in conscious and quick assimilation attached themselves to that great tradition.

'The principle of relying largely on individual effort,' Lord Cromer once said, 'has in truth produced marvellous results.'

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AS soon as ever ores, minerals or precious stones are found anywhere, or even earlier, while as yet there are only mining prospects in existence, the first person to be attracted is the adventurer, whose profession it is to seek for treasure, and whose unhappy fate it is to pursue fortune. Following on the adventurer comes the enterprising capitalist who wishes to invest his money, but not until the earliest preparatory work has been done and the propositions have been to some extent explored. The last to put in an appearance on the new venture is the industrialist who wants to acquire for his own purposes the products won or to be won.

On the Rand the development did not proceed in this sequence, it was appreciably simpler, and for the reason that no one who produces gold need ever break his head over what he is to do with his product. The class of interested buyers, who are often prepared to give financial backing to a new venture, was accordingly cut out, but very early in the course of the development those also disappeared who had turned up in the initial stages full of hope, for in the case of the adventurers the Rand proved to be anything but a Dorado and the days of the individual digger were soon over. In order to *make* money in the new goldfields it was necessary to *have* money, to have a large working capital, to be in a position to prospect on an extensive scale and not on individual claims.

Of the three categories who usually are present in mutual collaboration round the cradle of a new enterprise and help to further its well-being only one remained –

the capitalist. But on the Rand they could not, as befitted their real position, delay their appearance until the propositions had been already explored, they had to carry out the preliminary work themselves, had to venture great sums ere ever there was any kind of security: the capitalist must needs become pioneer, adventurer and speculator.

Many people have a totally false conception of what is meant by speculator and speculation. A vast difference exists between speculation and gamble, for while the latter is nothing beyond making guesses, speculation may well be and often is constructive, and there can be no doubt that the Rand capitalists, who risked their own money and that of their friends in a gigantic venture, were possessed of a great share of constructive foresight, for as yet everything without exception was uncertain. No one – be he layman or expert – had any knowledge beyond the old Cornish dictum concerning the finding of gold: ‘where it is, there it is.’ There was no doubt as to its being on the Rand, for it had been found there, but the much more important question remained as to whether there would be any left after the surface had been scraped clean, for only in that event would the enormous sums invested yield any return. Round about 1887, however, no one knew and no one could know how the great adventure might turn out, and only those who, reckless of technical considerations, were burdened with no business traditions which would have been nothing but an obstacle, and who seized the great opportunity by the forelock, could take part in it with any hope of success. Hesitation and deliberation were out of place here. ‘The risk and the grandeur of the object are everything. There must be a vast project, the magnitude of which will strike the imagination; there must be the hope of a considerable gain, of some stroke that will increase the investment tenfold, provided it is not swept away.’¹ There was no middle way; either the card on which so high a stake had been placed won, or it was a failure, and every one

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of the capitalist-speculators had to understand clearly, and did understand clearly, that there were no 'consolation prizes' to be looked for. Even as late as 1889 only a very small minority of the men on the Rand felt sure that the gold finds would hold out; ² if in those days anyone had in a wild fit of optimism given as his conviction what did in fact happen later, he would have been thought a fool or a swindler. The most sceptical of all were the experts; '*c'est contre la nature*,' said one of the Frenchmen, and not one of the theorists believed that the Rand would last.

The formation was beyond any experience; it did not fit into any scientific formula, for never yet had gold been found on the top of mountain ranges.

Nor had things been different in the early days of Kimberley; all that a great authority had to say after inspecting the diamond fields and being present at a very successful wash-up was, 'Well, there may be diamonds here, but all I can say is they've no right to be.' The same lack of consideration for theories was shown by gold on the Rand. If the diggers in the diamond fields had taken heed of what the experts said, there would never have been a Kimberley, and in Johannesburg also the same men preferred to neglect dull theory and to stretch out venturesome hands to the golden tree of life.

Never yet has investment in an epoch-making undertaking, in a great and novel business, been a trustee security. 'Speculation, gambling, is the central mechanism, the heart itself, of a vast affair,' and without speculation 'the great movements of capital and the great civilising works that result therefrom would be impossible.'³ Gold mining is above all other ventures speculative, and especially so on the Rand, where it was necessary from the very start to risk huge sums. The men engaged in the enterprise knew nothing, but they had ideas, they foresaw; their imagination enabled them to see pictures which lay in the far future, and which – fortunately for them – did not turn out to be

a fata morgana. Every speculation, in so far as it is *successful*, is the happy attempt to discount in the present the possibilities of the future; if it *fails*, it is a criminal adventure.

The card, on which everything was staked on the Rand, drew a lucky number, and accordingly the speculating financiers became successful and prominent industrials; if the stream of gold had dried up, they would have remained nameless idiots, would have been considered fools well deserving castigation for having been so insane as to believe that the sun of Kimberley would dawn again on the Rand. — It rose for them even a third time in all its glory when, in about the year 1892, gold was found far down in the deep levels too, and the Rand was discovered for the second time.

Thus it happened that after Kimberley now Johannesburg became 'the happy or unhappy hunting-ground of distinguished men,' and they found fresh chances in life which would without any doubt 'have been denied them in older, more settled countries.' ⁴

The demands which in the early days were made on the leaders were enormous. In starting the undertakings it goes without saying that they had only entirely material ends in view, and that as business men they were bound to pursue them; but they did in fact — and in the final result it is indifferent whether it was consciously or unconsciously — do more for the Southern half of the dark continent and for its civilisation than most of the explorers, whose names and adventures are related by history much more extensively than those of the industrial civilisers. This could not have been achieved in a conservative seclusion; these men had to be prepared to face any risk, even if it was a question of forcing the soil to yield its gold in some way or other. Everything had to be attempted to achieve this purpose, and every possibility had to be energetically exploited, and the same individuals and the same companies had to be prepared with equal readiness to go in for coal

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mining, tree planting, fruit growing, and any other activity. Thus there developed in Johannesburg 'something of the dynamic quality of union between Petticoat Lane and the Potteries,' and surely it would have been unjustifiable to expect the Rand community, which consisted of men from every quarter of the globe, to show the same morality in business which is looked upon as a matter of course in Lombard Street. But at the same time it must not be forgotten that neither the traditional business methods of the City nor the slow deliberation of the Boer population would have led to even the slightest success.

It was out of the question to obtain money from Europe for the initial financing of the undertakings; Barberton had scared away from South Africa even investors who were most willing and prepared to face almost any risk, and in fact the Rand was in its early days financed entirely locally – from Kimberley. The men from the diamond fields were more than any other class ready to risk large sums; they were staking fortunes which had been amassed, very rapidly and at equally big risks, only a short time previously, and were well able, out of the large speculative profits they had made, to find vast sums for a new speculation of much the same kind. In some cases, however, the amount required was under-estimated, and at the same time the promoters wished to make too large profits; accordingly all the companies floated in the early days on the Rand suffered from their inception from two serious organic flaws – their working capital was too small and their share capital was too big. Of course there were a few mines which, in spite of this, paid from the very first day,⁵ and although other and enormous mistakes were made – in their case the reef was so outstanding that they would have paid dividends even if still worse mistakes had been committed. But in the instance of only a very slight minority could there be talk of any rational working. 'We were playing at mining in '87-88 as children play with a toy.' Everybody had a great

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deal to learn yet, and their best instructor turned out to be the never-failing Rand itself; and if there is a saying among mining men that 'a good mine makes a good manager,'⁶ how good must be the instruction given by a gold deposit which even after nearly fifty years shows no sign of exhaustion, and of which it is perhaps true, as Struben said twenty years after its discovery, that it has as yet been merely 'scratched.'

The taint of speculation has remained attached to the Rand, and still is to-day, even after thirty years of consolidation, and it is only very slowly that the industry is making itself independent of Stock Exchange quotations. These had to be watched, at any rate during the early years, just as sharply as the technical development and the output; shareholders did not come in unless prices rose – unless there was a boom – and to enable the mines to be financed for a second time – to be reorganised – it was imperative that they should come in. The first shareholders' money was absorbed by machinery and preliminary work which the promoters had to have done – but dividends had not as yet been seen by these much tried people.⁷ Technically the mine might even be in a perfect condition, it might for years show quite a respectable output, and yet the shareholders did not benefit in the slightest degree. If a mine proved definitely to be bad, there would have been no sense in pouring further money into it, and the first loss, the best according to the old rule if cut short, did not entail any further losses. The biggest disappointments were caused by those mines which constantly see-sawed between payability and loss, which were too rich to be abandoned, too poor to pay.⁸ It was of the shareholders in that class of Company that Rhodes on one occasion remarked that 'nothing was so extraordinary as the way in which the people would hold scrip from year to year that never pays, but it always said, "oh, next year it will pay," and so it went on from year to year.'

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All these are unforeseeable factors which make gold-mining shares particularly speculative. But there is another important point which differentiates gold mining from all other industries, such as manufacturing or any other commercial undertakings: gold mines are wasting assets. Once the gold in a mine is exhausted, once it is worked out, then it is at an end – nothing more can be done, no reorganisation is possible so as to take up any other manufacture. The mine is valueless – the shares waste paper. That is why dividends must of necessity be higher than in any other industry, since in addition to interest on the capital invested they must also include its amortisation.⁹ From the start insufficient importance was attached to this point of view by mining directors and the public also claimed too high a return on its money – whilst at the same time, by reason of the annual distributions, it placed the market value of the shares far beyond their true value; the shareholders mistakenly looked upon what they received solely as dividend, whereas in reality it was at the same time a repayment – an amortisation – of their capital. On the whole the public was in a considerable measure itself responsible for its losses. The shareholders ought to have been and could easily have been more discerning, since from the very first day they had at their disposal shares in undertakings which were managed according to correct principles. But most of them were entirely disinclined to make themselves thoroughly acquainted with the circumstances of their Companies. General meetings were of interest to them only if they resulted in an upward movement of the shares, and an increase in the rate of dividend only if at the same time there was a rise in the quotation. What recked they of a distribution of even twenty per cent, a beggarly four shillings, when they expected to sell the shares themselves in a few days at twenty or thirty shillings or even more apiece than they had paid? The majority of the shareholders had not acquired the scrip in order to

hold it, but in order to sell it as quickly as possible to somebody else at an increased price. It is therefore not at all surprising that only very few boards of directors took the trouble of keeping their shareholders really informed of their progress; not one of them would have been seriously interested in their statement,¹⁰ and accordingly the right of shareholders to receive and the duty of a public company to supply full information were to a very considerable extent neglected.

It is the object of every limited Company at some time or other to make an offer of its shares to the public and to introduce them on the Stock Exchange; not till this is done has the last legitimate possibility of spreading the risk been exhausted. But it is a misuse of the method to appeal to the public ere ever the most elementary preliminary work has been carried out; many a time, however, on the Rand it was prospects and expectations which were offered for sale, nothing more substantial than these, but hopes and prospects are not merchandise; they should be kept at home, and one should not try to bless another with them, especially if he who makes the offer and to whom at first they seemed hopeful prospects, is now so sceptical about them that the only hope remaining to him is to dispose of them to a confiding public.

But in spite of all the mistakes which were made, the course of quotations on the Rand never at any time showed such fantastic excrescences as were developed by speculation in Barberton; in spite of all exaggeration and of all delirium matters in Johannesburg proceeded somewhat more sanely; nevertheless prices in February 1888 had reached a level which was entirely out of proportion to actual conditions.¹¹ The mine managers were not altogether displeased with these high quotations, which enabled them the more easily to raise finance, and they tried most foolishly to force the output, so that results might approximate paper values; the poorer ores were neglected, only the richer quartz was exploited, and in this manner the mines were worked in so

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uneconomic a way that in the long run they were bound to come face to face with ruin; the most important thing to be considered here, is that the technical management thus also helped to prepare for an era which without exaggeration may well be termed a swindle. New companies arose overnight, and their shares were offered to the public at an entirely ridiculous premium ¹²; prices were sent up higher and higher, for the promoters, who were all rather of the same view as Saccard, had at the very moment of the first issue 'already the future increase of capital in view.' And now, early in 1889, immediately after the first opening up, the first boom broke out, entirely unjustified and without any basis in fact. Those who had any shares considered themselves, and were thought by others to be, intelligent and farsighted, whilst in reality they had in their possession scrip which had either no value at all or at any rate only a value far inferior to the price they had paid. But for the moment this was of no importance, for these shares had one good quality – they were much liked and much sought after, so that there were other people who were anxious to have them and who were ready to pay well for them. Only that man was really wise who had the courage to accept the high prices, and then to look on at the game without yielding to the temptation once more to take part in it. But where was the man to be found who could exhibit that courage, for the gambler constantly suffers from the fear of neglecting the last chance, of not realising the highest price. Stronger perhaps even than in Johannesburg ¹³ itself, which was still in the early stages of its growth, the boom of 1889 in gold shares took hold of Kimberley: 'Every man and woman had been swept along in a tide of wild gambling . . . money was spent like water . . . News would come down of some rich strike on the Rand and at once the street would be crowded with brokers shouting out the prices like bookies on the rails before the start of a big race. In the evening business was transferred to the bars. . . .'

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There was as yet no question of a regular Stock Exchange business, but it is possible, from that first strong movement of quotations – in a straight climb, and immediately afterwards in a relentless collapse – to form an idea of the subsequent characteristics of the market down to at least the first decade of the present century.

In London the turnover in those days was not very great. In the beginning hardly visible, and entirely neglected by the press, dealings developed slowly on Holborn Viaduct and in Hatton Gardens, patronised and promoted ¹⁴ by the diamond merchants who had their offices there, and who in this way tried to create an independent market and at the same time were able to lighten their commitments; it was hardly as buyers that these former diamond magnates – now also gold magnates – appeared.

The same firms – Porges (Wernher Beit & Co.) and Barnato being the leaders – had two or three years earlier imported diamond shares into London, but this time it was easier to find a public, for the low nominal value of only one pound per share exercised a potent charm. It was not until the turnover in the street during the boom early in 1889 had reached an extent which might mean a considerable increase of business for Throgmorton Street, that dealings were transferred to the regular Stock Exchange, where, with a very few exceptions, ¹⁵ they are to this day not officially quoted, but figure in the Supplemental Lists.

The time of the removal to Throgmorton Street was badly chosen, for just then the boom was coming near its end. – The severe winter of 1888–89 had in South Africa been in every respect a winter of the greatest discontent. Working conditions on the Rand were very bad, many mines stood under water, there was a shortage of coal, labourers ran away, and on top of all this an unnaturally rapidly growing Johannesburg was threatened with famine; no wonder, therefore, that prices began slowly to move downward, although new finds were constantly being made.

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In March 1889 prices had already fallen to such an extent that the banks asked for further security on loans, and as the majority were no longer able to provide it, everybody – except the big people – were forced to get rid of their shares. The battle arena of the first South African gold shares boom is strewn by those whose name no history mentions, and everything happened in exactly the same manner as it had done anywhere and anywhen before, as it occurred in Kimberley, and as it was going to happen again to a still greater extent on the Rand in 1895.

And yet this first Kaffir Boom differed in many respects from other notorious market sensations which had preceded it; this Stock Exchange movement was not like Law's South Sea Bubble,¹⁶ it was not founded on Dutch tulip bulbs,¹⁷ but in the background flowed the gold, which was by no means a chimera. All that had to be done was to extract it from the earth as systematically as possible at the very lowest cost that could be managed,¹⁸ so that the output, which rose rapidly¹⁹ owing to the repeated opening up, should also yield an increasing profit.

The mines on the other hand which were already producing met with bad times, for the lower down they went, the smaller the percentage of gold which it was possible to extract from the quartz. A new chemical process, however, which was discovered by scientists after serious and careful labour in the laboratory and tried out for the first time in the Robinson Mine (1890) – the MacArthur-Forrest Process – brought about a completely altered situation.

There had been urgent need for it, and the new star arose at exactly the right moment; it is not an exaggeration to call the new process the salvation of the Rand – for it had been very near ruin. The crisis of 1890 struck at the very roots of the young and still unsettled industry. Many mines had proved to be apparent failures, and the share market collapsed to such an extent that 'a thriftless and gambling community' was left 'wholly ruined and half

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starving.' Kruger visited Johannesburg and promised to do what he could to expedite the building of the railway so that food might become cheaper, but his speech provoked rather than calmed the people, and so various unfortunate incidents took place, during which the Transvaal flag was pulled down, and the gulf which already existed between Johannesburg and Pretoria was still further widened.

Politically things looked blacker still; Johannesburg remained without railway, but on the technical side the mines had emerged from the crisis with a much better equipment; and a very much smaller percentage of gold, than the most optimistic had been inclined to believe, could be made payable. With this knowledge and placed on this new foundation those companies which were not a hundred per cent swindles and had found their well merited end in the slump, could begin work afresh, prepared for new successes and new mistakes.

And the Rand itself had become even more famous than before.

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THE Rand with its own natural strength had made sure that it should no longer be looked upon as a mere passing adventure; the world had taken it seriously, and gold digging had become an industry. The majority of the men, however, who had been the first to produce, and who were still producing, gold on a commercial basis, could not by any means as yet be considered as industrialists. At any rate they could not as far back as the nineties, and it required a very much longer time before those who managed the mines came to the conviction that the undertaking and its achievements and its financial stability are of far greater importance to its continuous and sound development than the quotation of the shares on the Stock Exchange. No man can jump over his own shadow, and as the leaders on the Rand had almost without exception begun as speculators, they remained speculators to the end. Not of course with the same intensity as in former years, but even to-day only one eye of the Mine Manager is turned to the mine and its output, whilst the other is still drawn as if by hypnotism to the Stock Exchange list. The industrialist *malgré lui* has remained a speculator in his own shares, about which information is known to him long before it reaches the mass of the shareholders or the public. The extent to which the interest of the industry is still centred on the Stock Exchange may be seen from the fact that all the London offices of the Rand Companies are situate within a radius of a quarter of a mile from Throgmorton Street, and it would be erroneous to assume that it is only the convenience of carrying out the transfer operations which is decisive for the choice

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of locality: amongst the best clients of the brokers are still the mining houses who are interested in the slightest fluctuations of quotations, and it is in order to be able to make the most of these that the gold industry has from the start settled down around the Stock Exchange.

A new type had arisen – the speculating captain of industry – and the Rand had produced a new kind of millionaire, the ‘Rand Millionaire,’ the ‘Park Lane Millionaire,’ of whom the comic papers and the musical comedy stage quickly took possession; ‘Mr. Hoggenheimer’ appeared on the boards, and the financiers ‘with the Rhine wine names’ were made the target of a wit which did not always remain good-humoured. These new-rich, the source of a great part of the wealth of London, stepped into the foreground, not merely because they aimed to be in the limelight, but because they had become important. The Rand had become so strong, so powerful, that the South African gold ‘had changed the face of England, and first and foremost the views and prejudices of Society ; this gold brought with it new Captains of Colonisation and Industry, men who grew powerful on the Stock Exchange, in finance, and eventually also in politics. The Edwardian Age had become an accomplished fact when in the Clubs of Piccadilly and round St. James’s Square members no longer waited till one of their number, returning from the City, told them of the day’s happenings, but had, on the appearance of the evening paper, themselves read with understanding eyes how things looked on the Stock Exchange. Not only had the Stock Exchange found the way to Park Lane, but Mayfair had turned towards the City, and the Edwardian regime was in full swing when the first peer’s son, pace-maker for the many who came after him, went to a stockbroker as half commission man.’¹

If it was possible for this class of new-rich men to attract attention and to play a part, even an epoch-making part, in London, in a city where there were so many wealthy men of all kinds and all stages of fortune – how much greater

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then must have been their power and their influence in a country where there were no millionaires at all, hardly any people of means, but only an agricultural population which did not possess even the small capital which was so essential for their work. In the Transvaal the majority of the inhabitants had never yet seen houses built of stone nor any smartly dressed women, they did not know what stocks and shares were, to say nothing of millionaires. He towered far above the general mass who only a few years ago had penuriously lived from hand to mouth, and where the head of the family spoke of a 'good year', when he had been successful in making ends meet. In the country to which he owed his wealth and which had itself recovered its financial stability thanks to the industry which he had built up, the Randlord acquired an extraordinary importance. He was justified in making demands, he wanted to buy everything that can be bought with gold, and he claimed political influence in a State in which he was and remained an alien. Only blood and iron could solve the question as to who was to be the master of the source whence came the gold; the Jameson Raid was merely a feeble attempt with inadequate means.

Undisturbed and unceasingly the Rand had continued to grow, towards the East even more than towards the West, and everywhere down into the bowels of the earth.² Needless to say reverses were not lacking, technically and financially and on the Stock Exchange lists, but they were always merely breathing spaces to get ready for the advance which followed. 'Like the incoming tide the next wave of prosperity would wipe out the ebb and reach even higher than the previous high tide.' At all times there was a feverish excitement, and sometimes it was so strong that the disinterested observer almost thought that he could hear it, and when the gold fever was at its height in Johannesburg, a stockbroker said to a visitor whom he had taken with him to the Exchange, 'You can hear the telegraph

wires overhead humming from the excitement going on below.'

But in spite of all unrest, the outward sign of never resting speculation, by 1893 the Rand had become more than a mere industry – it was now looked upon as one of the centres of the world. Was this surprising? Not only had the gold, in the face of all pessimistic prophecies to the contrary, continued to flow, but other important factors had played a happy part in the development: coalfields were discovered in the immediate vicinity; until the Boer War there was an almost unlimited supply of cheap labour, and whenever technical or chemical difficulties arose, science, hand in hand with practice, had always been able to solve them just as the decisive critical moment arrived. We may safely say that never in economic history speculative foresight and luck used intelligently have worked together and supplemented each other to the same extent as on the Rand. To all these fortunate circumstances must be added from the point of view of finance the fact that never yet had an alien – or at best a colonial – undertaking been able to acquire in the course of time such popularity, and in addition to possess such power of attracting more and more new foreign capital and more and more new classes of speculators, and in the end even of investors. So it came about that everything which happened in the gold mines, and which up to about 1889 had been of interest only to Johannesburg and Kimberley and afterwards also to London, from 1893 onward resounded through the whole world. Wherever there were men who had wealth and were inclined to risk it on a speculation, wherever men wanted to make money, there they listened eagerly to everything which was reported by way of news from South Africa – whether facts, exaggerations or inventions. The reports, all bearing in the same direction, 'circulated at first in a whisper, but gradually in a louder key' till in the end they 'clearly trumpeted approaching success.'

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The world-wide interest in the Rand grew strongest when experience had proved the productiveness of the new deep levels. Again it was Wernher Beit & Co. who, armed with the best geological advice, took the lead in this second opening up. That the reef dipped downward from North to South and at a certain distance would be met with again in the depths was originally nothing but mere guess-work; the Beit Group, which had already had so much good luck and had without serious set-back gone on from success to success, discounted the assumption, and took the risk of following the advice of their experts – the speculation based on constructive foresight came off, and in 1893 the Wernher Beit deep levels were passed on to the Rand Mines³ which came to be the leading standard security on the Stock Exchange.

A new epoch on the Rand commenced; technicians had succeeded in raising the gold from the depths, and at the same time Rand Mines (and other similar Companies)⁴ provided a type of share which attracted even the most exacting investor. The London Kaffir market, deserted since 1899, awoke from its sleep, and Paris, the centre of fashions in shares as in other things, began again to take an interest in Rand scrips. With all sorts of facilities and options the Mining Houses handed over large blocks of shares to the French operators,⁵ and the 'Coulisse' and 'Bureaux de Change' of the banks which, differing in this respect from their English colleagues, carry on a large speculative business on credit, saw to it that in small dribbles the shares took the road towards their clientèle.

In no other country are the relations between finance and the Stock Exchange on the one hand and every class of society and the population – the Government, the Clergy, the Great Nobility in the Faubourg St. Germain down to the threepenny *Rentier* – on the other so intimate as in France, and the highly inflammable Gallic temperament is ever only too willing to follow a new slogan, be it in politics,

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art, fashion or speculation – if only it is announced by the right people at the right moment. Great and capable operators, grown to be veterans in many a financial battle, often still bearing the scars of barely healed wounds, who knew how to stage a movement, took the drum of advertisement in their practised hands. Copper, silver, quick-silver and all other shares sank into the background, and gold shares became the favourites on the Stock Exchange. In those days it was still necessary that a great bull tendency, if it was to be properly worked and accompanied by a striking international success, should start in the *ville lumière*, and the first light which was to lead to the illumination and the fireworks of the boom of 1895 was lit on the banks of the Seine. Thence it passed on to London, spread over Berlin,⁶ Vienna and New York, lost hardly any of its intensity in Madrid, Constantinople and Cairo – the whole world was caught in its trail.

In the expectation of a rise Paris had laid in a very large store of goods, and yet this was not sufficient, and the demand for shares spread before long over the whole of the Stock Exchange; it seemed to be an unnecessary and expensive waste of time to send the enormous number of orders to London and to wait for them to be carried out there, the commission of the London brokers and other possibilities of making a bit constituted for the Paris agents and *Coulisiers* a pleasing increase of profit, and so there were added to the already well-known Langlaagte Estate and Robinson Gold such shares as Rand Mines, Simmer & Jack, Gold Fields, Ferreira,⁷ soon to be followed by others of less value, and every new introduction stimulated the demand for the whole.

The more hardened London public was infected by Paris; in both centres daring and the passion for speculation grew with every success and increasing profit, for nothing succeeds like success; the temptation to join in, to take part in the dance before the golden calf ('for thy people have

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corrupted themselves'), spread farther and farther, no warning from the more experienced and no hints on the part of the Press and in particular on the part of the sober English financial Press made the slightest impression. It was impossible that everything which was praised up should be really good, and it was only too obvious that in many cases the very worst methods were adopted, but credulity is like a disease which occurs again and again in the history of mankind, only its manifestations vary. A speculation too ready to believe in everything, which had completely lost its head, had forgotten all the experiences suffered with previous bogus gold companies, and had learnt nothing new. 'Why worry yourself about inevitable petty irregularities?' and nineteen hundred years ago Virgil had asked, 'To what lust dost thou not drive mortal hearts, thou accursed lust for gold?' ⁸

Even during 1894 the rise in prices was as enormous as it was unwarranted by facts,⁹ and by the end of the year it had grown to such an extent that in spite of the spate of new flotations which was contemporaneous with the boom, the supply of shares began to run short.

This peculiar, almost incredible, state of the market finds its explanation in the immediate past. During the set-back and the years of the slump there was left only one class of undismayed buyers, the financiers themselves, one reason being that, if they did not want to spoil their credit for ever, they had to prevent a complete collapse of prices, and another, that they would be the first to see the coming of an actual improvement.¹⁰ So the shares had to a great extent come into a few hands, and the market had contracted; in order to make a regular turnover possible again without abnormal fluctuations, the finance houses now saw themselves compelled to part with shares in order to satisfy the demand at any rate in some degree; but it was never completely satisfied, and intentionally the eager desire for shares was never entirely stilled – and every

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unsatisfied demand acted as a stimulus on the whole of the market.¹¹ In addition to this, the shares of the Deep Level Companies, on which a great if not the greatest part of the interest of speculators was set, had only come on the market to a very small extent, as large blocks of them had remained in the portfolios of the financing Company; ¹² to take only one example: down to the middle of 1894 at least 75 per cent of the shares of Rand Mines probably remained in the hands of the founders. Another reason, apart from this, why the leading mining houses, who dealt in the best, but from the point of view of numbers very inconsiderable, gold mines, were not in a position to satisfy the total demand, is that by parting with the majority of their holdings they would also have divested themselves of their control.

When the champagne begins to run short, the drinker has to put up with cider, and in times of an enormous consumption of shares smart and adroit promoters have ever been able to let no one die of thirst, and have taken full advantage of the position.¹³ When the 'X Y Gold Mining shares' began to run short, there was still a sufficiency of 'United New Consolidated X Y Extension and Development Block D Proprietary Gold Mining shares,' or there was at any rate not much difficulty in procuring them. If the big men could not satisfy the demand for shares, the little men were only too pleased to do so.¹⁴ Every claim, so long as it was situated 'somewhere,' became the substratum of a flotation, and if it was absolutely impossible, without going altogether too far, to call a venture a 'gold mine,' it was christened 'Land Company' or 'Exploration Company' or 'Banking Company'; ¹⁵ even the idea of forming Trust Companies ¹⁶ had been mooted, for speculators, especially on the Continent, showed the most eager disposition to buy anything and everything if only it came from South Africa. Shares which up to then had been unsaleable were pushed into prominence and were sought after at pounds when a

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year before they had been offered at as many shillings without finding a buyer.

Owing to these mining and quasi-mining companies which were floated *ad hoc* during the boom the total number of marketable shares had of course increased, but their quality had appreciably decreased, but unsound speculation had a wider field within which to exhaust itself. The fact that the shares of the good and well established producing Companies remained short was unaltered, and now all shares, irrespective of whether they were in proved or in tenth-rate ventures, came to be over-valued in a most insane manner.¹⁷

By September 1895 speculation had grown to such an extent that the funds which the mining houses had placed at the disposal of the market were no longer sufficient, and contangos of fifteen to twenty per cent had to be paid for carry-over. Every speculator seemed to be intoxicated by his own enthusiasm, prices had soared to a height which was in no proportion whatever even to the most optimistic expectations, let alone the facts, and, abiding by an unalterable law, the crash was bound to come, for even the most gigantic madness can abrogate the iron rules and experience of economics only for a time. The crash, which was bound to come, occurred far more suddenly than even the most timid had feared – it happened at once; it was overdue, and it would have come, even if at the turn of the year 1895–96 the Jameson Raid had not taken place, and as the crisis was unavoidable, it is of no importance to go in detail into the question which has been referred to in another chapter, as to whether the leaders of the market were really also ringleaders amongst the sellers.¹⁸

Everything happened as it was bound to happen – when the credulity of the public has grown to such a height that it will buy shares which the most superficial scrutiny would show to be swindles – when the lust to grow rich quickly by speculation extends to all circles – when the rate of interest

and at the same time the market quotation rise – then a crisis is due, and every attempt to stay the inevitable is in vain.

Some few did indeed try to stem the set-back; Barnato suffered heavily and lost a part of his fortune, and the fantastic Paris scheme of founding under the ægis of the Rothschilds and Wernher Beit a bank with a capital of five hundred million francs for the purpose of stopping the crash very quickly dropped back into oblivion. All these schemes served no other purpose than to raise again and again for a few days further vain hopes; the speculation had found its own slogan, which was 'sauve qui peut,' nothing could hold up the downward rush, and during the course of 1896 prices reached a level which in part was below even that of September 1894.¹⁹

The great boom of 1895 had been killed by its own excessive power, had ended by suicide committed during 'temporary insanity' – but while it lasted it was so strong and its influence so far-reaching that it has passed beyond the history of economics into general history.

In those days, which now, alas! seem so far away, when the currency of every self-respecting country stood at par, when in the gold countries gold coins were in everyday use and paper money was exchanged into gold by the issuing banks, the gold cover had run short everywhere, and the world was shouting for the most precious of all metals.

If any single goldfield was in a position to answer this shouting, it was the Rand. In spite of the crises of 1890 and 1896 not one of those years showed even the slightest set-back in production, and apart from the fluctuations of the years of the war and during local political excitement the Rand has uninterruptedly carried on its victorious march down to the present day,²⁰ and an output of the value of £10,096 in 1884 has grown to be £41,880,000 in 1934.

AFTERMATH

WITH the end of the great boom we have closed our review which covers a bare thirty years of the most colourful and most clamorous history of South Africa, beginning with the day when the first glittering diamond was found by the Vaal River, down to the time when a single gold share was valued at a higher price than a whole claim had been before. Looking back, we cannot but agree that the boom was a senseless exaggeration; but apart from its excrescences, the speculation in South African gold shares, which spread over the whole world and was the greatest share mania of our day and of all times,¹ had a vast and far-reaching influence – it was the opening of a speculation which fertilised business the world over.

The reader who opened this book will hardly have expected that it would offer him useful hints in financial matters; if he did, the author will have disappointed him, and will likewise disappoint him who in these closing remarks hopes to find some kind of prophecy about the future of the goldfields. – At this very time everybody on the Rand is engaged in unremitting work trying to solve the problem of 'how to deal effectively with the low-grade ore,' for the workings go deeper and deeper, digging grows more and more expensive, and the ore poorer and poorer; it is upon the solution of this question that the whole of the future must depend. The history of the Rand, however, has shown to the discomfiture of the pessimist, that from the very beginning and at each successive stage this world's greatest gold deposit has flown in the face of every theory, and further that prospectors, engineers, chemists and

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metallurgists have been successful again and again in finding and opening up new gold-bearing areas, in making fresh discoveries and in introducing modern methods into the workings, so that they have always been able to extract more gold more cheaply from the conglomerate. – But beyond all these technical problems, in every review of the Rand the question of questions will be raised, ‘How long will the gold last?’ This question has continuously been asked, from the days of the first finds onward, most urgently perhaps round about 1890, down to the present day – a rhetorical question which expects no answer for the simple reason that no one can supply it.

Meanwhile another forty years have elapsed since the days of the boom, during which enormous changes have taken place both in South Africa generally and in the gold industry in particular, but unworried and untiring, without rest, the Rand has achieved more than was ever expected from it. It is true that a number of the once famous and productive mines have been exhausted, and names like City & Suburban, Robinson Gold, Village Main Reef, Meyer & Charlton, will to-day be sought in vain in any quotation list. But new fields have been opened up, other Companies have stepped into the foreground,² whose shareholders have every reason to be satisfied, and the State also, which to a certain extent is interested in these mines. – Not only have there been new leading names in the Stock Exchange lists, but something more fundamental on the Rand has undergone a radical change. One of the most interesting transformations – apart of course from the political situation – is perhaps the fact that South Africa itself now takes an appreciable share of the proceeds from the greatest industry³ of the country, the gold industry, which formerly completely went away from the Transvaal. Actually it was not till after the Great War that the purchase of shares by residents in South Africa began, and the issues in the new mines on the Far East Rand were partly sub-

AFTERMATH

scribed in the country itself, and proved to be a most profitable investment; and so an industry which the inhabitants looked upon with disfavour as a foreign undertaking, has become a National Industry. Yet one more symptomatic change may be mentioned in this connection: the shares in gold mines which in former years were looked down upon and scouted by the conservative investor, have now become a security in which first-class investment trusts place parts of their funds.⁴

Further, the development of the diamond fields and of the Rand, the scenes of so much excitement, success and disappointment, has shown this important feature: never in the history of this country, which ran its course against a constantly changing but consistently magnificent background through the centuries, has there been a lack of men who rose to the height of the opportunities offered them. Happily there still survives the spirit of the gentlemen adventurers who, on water and on land and down under the surface (and more recently in the air too), have contributed so much to the creation and erection of this Empire – only its outward manifestations have undergone a change in the course of the centuries; they have adapted themselves to other demands and have become more modern – for other methods were needed to incorporate the Transvaal into the Empire than could be used in a Province of Further India. The great objects of the Empire were served by all these adventurers alike, whether they went out to conquests in India or dug for diamonds and gold on the other side of the Vaal River.

In the past South Africa has known how to attract men of this type and to assimilate them – in the future it will breed them itself.

NOTES

SURVEY

1. General Smuts in the foreword to Harris, *Pioneer, Soldier and Politician*.

2. 'The story of Southern Africa is both intense and diverse,' Hedley A. Chilvers, in *The Seven Wonders of Southern Africa*.

The seven wonders, according to Chilvers, are: 1, the Victoria Falls; 2, Zimbabwe, the Temple of Mystery; 3, the Rand Goldfields and its £2,000,000,000 content; 4, the Premier Mine, the biggest 'pipe' diamond occurrence in the world; 5, the Alluvial Diamond Fields; 6, the Bushmen, ethnologically the oldest of all surviving races; 7, the Congo Caves, and the wild life now roaming within the national parks of Southern Africa.

As the present-day ruins of Zimbabwe (q.v.) contained in olden times the centre of a gold industry, the basis of four out of these seven wonders is gold and diamonds.

3. Prince George, now Duke of Kent, on 5th February 1934 in Capetown.

PEBBLES AND BUBBLES

1. The *first Mining Company in South Africa* was floated in 1863 to work the Namaqualand Copper Mines. These mines (Cape Copper Co. and Namaqua Copper Co.) have since exported copper ore to the value of £20,265,000.

2. Griqua, more correctly Grigriquas, a mixed race in which Hottentot blood predominated.

3. R. W. Keate was Lieutenant-Governor of Natal from 1867 to 1872.

4. The *London & South African Exploration Company* was formed as long ago as 1870; in the early eighties, with which we are concerned here, the capital amounted to £50,000, and the chief members of its Board, which included amongst others H. B. Farquhar (Lord Farquhar), were Harry Mosenthal and Sieg-

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mund Ochs. The Company has paid extraordinarily high dividends:

In 1880	£12 15s.	on the	£8	paid-up shares;
In 1881	£15	„ „	£10	„ „
In 1882	£10	„ „	£10	„ „

Then the shares were split:

In 1882	2s.	on the	10s.	paid-up shares;
In 1883	10s.	„ „	10s.	„ „
In 1887	12s. 6d.	„ „	10s.	„ „
In 1896	16s.	„ „	10s.	„ „

In 1887 the shares were quoted at between £10 and £16½.

The London & South African Exploration Company was the owner of the Dutoitspan and Bultfontein Mines and of the surrounding land including the township of Beaconsfield and a part of Kimberley to the east of a line running from near De Beers Mine to Newton.

The claims in these mines were let out at a rental of 30s. a month each and provided depositing floors in the neighbourhood of the mines for the weathering of the blue ground.

The Company's charges and policy with regard to the Depositing and Dwelling Sites led to constant friction and the working of the mines was handicapped, so De Beers decided to buy them out – lock, stock and barrel – and eventually in 1900 succeeded in doing so.

The purchase price was £1,625,000.

5. The name of Colesberg Kopje arose in this connection, and has no other association with the town of Colesberg which is 140 miles away. Hence the proclamation (see page 31) speaks of 'Colesberg Kopje number two.'

6. As a compliment to Earl Kimberley, the Colonial Secretary.

7. The number of people who in 1870–72 were in the district in which Kimberley arose in 1873, probably amounted to 60,000, of whom 40,000 were Natives and 20,000 Whites. Of these 2,500 were independent claim-holders.

8. Cecil Rhodes came to South Africa in 1870, to Kimberley in 1871.

9. Barney Barnato was in Kimberley from 1873, Lionel Phillips from 1875.

PEBBLES AND BUBBLES

10. *Anton Duenkelsbuehler* (– *Dunkels*), at first one of Mosenthal's agents, was one of the most important diamond buyers in Kimberley, who had at his disposal capital sufficient for the largest deals. He was amazingly good at figures, and could work out in his head the price of any given number of carats at any given price; it was said of him jokingly that he slept with a Ready Reckoner. – In London also his firm was one of the greatest in its particular trade; amongst its members was at one time Sir Ernest Oppenheimer, one of the biggest magnates of to-day in South Africa.

Sir Ernest Oppenheimer, born 1880, does not belong to that generation of Rand Magnates with which this book deals; but as carrying on a great tradition in Kimberley, on the Rand and in Rhodesia, it is impossible to omit him, for he is to-day the most active mining personality in South Africa.

Originally belonging to Kimberley, a partner in the firm of Anton Duenkelsbuehler, Sir Ernest was three times, from 1913 to 1915, Mayor of the town and since 1924 represents it in the Union Parliament; his activities now cover wider fields, and his interests extend to diamonds, gold, copper, coal and land, and by erecting cutting works he has made Kimberley independent of Amsterdam.

As Rhodes on a large scale amalgamated the diamond mines in Kimberley, so Sir Ernest on a smaller scale combined those of South-West Africa, and united them into one large Corporation.

When in 1917 there was a serious shortage of capital in South Africa, Oppenheimer was able to interest great American Finance Houses in the country; he formed the Anglo-American Corporation of South Africa (present capital £5,000,000) and the Rhodesian Anglo-American, Ltd. (present capital £6,500,000), of both of which he is chairman.

After the originally vast mining properties of the Corporation in Rhodesia had passed into the hands of the Limited, the former became mainly interested in the Rand Selection Corporation (formed in 1889 under the name of Transvaal Coal Trust), a holding Company with a capital of £1,000,000, which is interested in various mines on the Rand (Brakpan, Daggafontein, etc.).

Ernest Oppenheimer, who was knighted in 1921, is to-day the head of the Diamond Monopoly, the Diamond Producers' Association, and Chairman of De Beers.

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11. Five of the men alluded to who lived in these stirring times are still with us: J. B. Taylor, Sir David Harris, Sir Lionel Phillips, Sir George Albu and Henry Nourse.

ON THE WAY TO AMALGAMATION

1. Dr. Atherstone of Grahamstown, who had given an expert opinion about the first stone found in South Africa; see page 22.

2. Rhodes at the De Beers General Meeting in 1889: ' . . . that in order to work the underground system, you must have the mines intact. You all remember the trouble and friction that took place when the De Beers Mine was being worked by the De Beers Company, the Victoria, the Oriental, the Elma, the Gem and others. Why was the underground system not a success in this case? Because one company was working against another; that is to say, if one company was on the five hundred feet level, the opposing companies could go and eat into each other's boundary walls and pillars to such a dangerous extent that the mine was in a condition which threatened collapse at any moment.'

3. The *Kimberley Mining Board* had been founded in 1874 and 'represented the combined interests and combined resources of the mines,' and was thus the first step towards organisation. Sir Richard Southey (1808-1901), Lieutenant-Governor of Griqualand West from 1872 to 1875, had inaugurated the Board.

Sir Richard played a great and many-sided part in the history of South Africa; he also had - long before Rhodes - one aim in view: to see South Africa as far as the Zambesi, under the British flag, and the whole country governed by the Crown.

4. See note 7 to chapter, 'Pebbles and Bubbles.'

5. The possibility to sell diamonds depends, according to Rhodes, in the first line on the ability of the young men of the whole world to buy engagement rings (the amount required for this he estimated at £4,000,000 per annum), and secondarily on the ladies. At the general meeting of the De Beers on the 22nd October 1894 he expressed the opinion, ' . . . as long as there are ladies in the world, there always will be a demand for diamonds; - we have had twenty years' experience of that fact.'

6. It was Ludwig Lippert (q.v.) who initiated a market for diamond shares first in London, then in other European financial

ON THE WAY TO AMALGAMATION

centres (see pages 330-1). Those who had the courage, or the speculative inclination in those days to buy the shares at bargain prices and to keep them, made enormous profits.

To quote one instance only: a jeweller had in 1886 bought 100 old De Beers (£10 each) at 3½, that is, he had risked £375. He died roughly ten years later and left, after the allotment of all bonus shares and the subdivision of the shares into £5 shares, 282 new De Beers which then stood at £29, plus 56 Chartered shares (arising from the distribution in 1891). Without counting the high dividends which he had received in the meantime, his £375 had become (282 shares at £29 plus £150 for the Chartered) £8,328.

7. I.D.B. = illicit diamond buyer.

8. It is remarkable to what a small extent the non-South African Press in those days followed the course of events and reported it.

9. Of these 71 Companies (1881) there were situate:

13	in the De Beers Mine with a capital of	£1,334,100
18	„ „ Dutoitspan „ „ „	£2,220,750
16	„ „ Bultfontein „ „ „	£871,100
13	„ „ Kimberley „ „ „	£2,685,000
11	(about) in the outside mines with	
	a capital of (about)	£923,000

The expansion caused by the boom was followed by the era of concentration; by 1885 the number of companies had gone down to:

7	in the De Beers Mine; to which must be added private holdings	3
16	„ Dutoitspan; to which must be added private holdings	21
8	„ Bultfontein; to which must be added private holdings	24
11	„ Kimberley; to which must be added private holdings	8
—		—
42		56

All four mines were operated (1885) by a total of 42 Companies and 56 persons or firms. Originally there had been 3,600 different claims.

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10. De Beers, which in the boom had stood at 45, fell to £20. – Rose Innes, in the Kimberley Mine, offered during the slump at £5, had gone up to £53 by March 1883; Elma shares, in the De Beers Mine, rose during the same period from £1 to £83 on dividend expectations, which began in 1884 and amounted to between 2 and 3 per cent. per month.

11. 'In the early days John X. Merriman came up to Kimberley with a premature but talented scheme of amalgamation on which I reported to Rhodes. This may have been the germ from which subsequent events grew' (Lionel Phillips, *Some Reminiscences*, page 33).

12. In 1873 Rhodes had consolidated Rudd's claims, in 1874 those of Robert Graham with his own. At the same time as Runchman, Hoskyns and Puzey, the Baxter holdings were bought up, and then the claims belonging to the firms of Stow & English and Dunsmore & Alderson. – There remained outside any combination in the De Beers Mine for the time being the Elma belonging to Thomas Shiels, J. Ferguson's Victoria, and the United Diamond Mining Co.

13. The *De Beers Diamond Mining Company* had been formed on the 1st April 1880 with a capital of £200,000. On the purchase of additional claims (see note 12) the capital was increased to a corresponding amount, and in 1885 stood at £841,550. In spite of heavy charges for development a dividend of 7½ per cent. had been paid.

14. The *Barnato Diamond Mining Co.* had only four claims, which were offered to the public at the enormous sum of £25,000 per claim, to which came to be added £15,000 for working expenses. In an hour the capital had been subscribed twice over, and on the following day the shares stood at 25 per cent. premium. In spite of the high prices the shareholders were not disappointed, for at the end of only 18 months the payment of dividends began, the first one being at the rate of 31 per cent.

15. Barnato and the Stewart Claims, see also page 130.

16. The Chairman of the Kimberley Central was Francis Baring-Gould (1839–1927); his firms of Baring-Gould & Atkins and Baring-Gould, Price & Tracy were large claimholders in the Kimberley Mine which were all merged in the Central Company; Max Michaelis, who at the time was not yet connected with Wernher Beit & Co., took part in this transaction.

AMALGAMATION

17. Alfred Beit at the General Meeting of the De Beers on 12th May 1888: 'When I saw the necessity and desirability of getting that control of the Kimberley Mine, I put my whole heart into it, and after a while it got to be a matter of sport, and then I went into it still more heartily.'

AMALGAMATION

1. *Sir Donald Currie*, G.C.M.G. (1825-1909), did not belong to the inner circle of South African men. In 1862 he founded the Castle Line, and his vast shipping interests brought him in touch with South African problems; even before he visited the Cape for the first time (in 1887) he had published a very notable book, *Thoughts upon the Present and Future of South Africa, Central and East Africa*; he also collaborated in the settlement of the diamond fields.

Percy Alport Molteno, a son of Sir John Molteno, the first Prime Minister of Cape Colony, was a son-in-law of Sir Donald.

In September 1883 Sir Donald was on the *Pembroke Castle* the host of Gladstone during the voyage which brought the statesman into the well-known conflict with the Queen.

2. The *Compagnie Française des Mines de Diamant du Cap, Paris*, had been formed in 1880 to work a part of the Kimberley Mine. The capital was frs. 14,000,000 in 500-franc shares. Its highest dividend distribution was 80 francs per share in 1881, in other years roughly 40 francs per share.

In 1887 it was merged in the De Beers Company.

The shareholders of the French Company knew to a penny what their property was worth and that Rhodes-De Beers would agree to very stringent conditions; they reserved to themselves the right to work one more year for their own benefit, which means that even after the payment by Rhodes they exploited the mine for a whole year.

3. *E. G. de Crano* and *Hamilton Smith*, Mining Engineers, were the heads of the Exploration Company which was formed in 1886. Smith was the Manager, and de Crano was a member of the Board (see Pebbles and Bubbles, note 4). — Hamilton Smith (q.v.) took a great technical part in the opening up of the Rand, especially of the Deep Levels.

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4. The statement that Beit introduced Rhodes to the Rothschilds is erroneous.

5. *Sir Carl Meyer, Bart.* (1851-1922), Chief Representative of the Rothschilds', subsequently without any outward connection with the Banking House, looked after the Rothschild interests in the Rhodes concern as a member of the Board of various Companies - of De Beers from 1888 to 1922. - Sir Carl was also interested in several of Sir Ernest Cassel's undertakings. In 1910, he was made a Baronet in recognition of the great support he gave to the Shakespeare National Memorial Theatre scheme.

His son, Sir Frank Cecil Meyer, Bart., is still a member of the Board of De Beers.

6. The *Mosenthals* come from Hessen; the founder of the firm, Joseph Mosenthal, went out to South Africa in 1839 (the boat taking 100 days on the voyage). Shortly after his arrival Joseph was joined by his brother Adolph, and together they started business under the firm of Mosenthal Brothers at Graaff Reinet. Later on their headquarters were transferred to Capetown, and towards 1860 to Port Elizabeth, where the centre of the big firm has remained ever since. The house was so important and enjoyed such confidence that before the establishment of banks they could issue their own notes which were of the value of £5, and their activities extended over the whole of South Africa as far as Kuruman, when Livingstone passed through that settlement on his way to the interior.

At first, Mosenthal Brothers confined themselves to trading in hides, wool, mohair and other commodities; later on, they became largely interested in ostrich breeding, and Julius Mosenthal (French Consul-General in Capetown, and from 1857 onward a member of the Legislative Council) published in 1877 a book on *Ostriches and Ostrich Farming*. With the growth of trade in South Africa the activities of the firm, now Mosenthal, Sons & Co., Limited, extended further, and they became importers, exporters, bankers, agriculturalists and industrialists. When the diamond fields were discovered, and later when gold was found on the Rand, their operations were not confined to the mercantile side of the new industries, but extended to mining itself. The practical results of this policy were evident from the fact that Harry Mosenthal, a son of Adolph, was a director of De Beers as well as of Rand Mines and many other Companies, among them the Exploration

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Company of which he was one of the heads. He died in 1915.

7. The Syndicate formed under the leadership of *Rothschild* with 'the able assistance of Ludwig Lippert' (q.v.), took up 50,000 new De Beers shares at £15 per share. The profit on the rise of the shares, between £16 and £20 during the next three months, was to be divided equally between Syndicate and Company. – Before the three months were up the shares stood at £22, and each party to the contract had made £100,000 on the rise.

The balance sheet of De Beers for 1888 contains on the assets side, immediately following on the £700,000 for the French Diamond Mining Company's shares, an entry of £100,000, 'N. M. Rothschild & Sons commission in connection with French purchase.' The entry – on the assets side – was not the only thing which caused surprise.

Lord Rothschild was a Trustee for the De Beers Debenture holders, but no member of the firm sat on the Board of the Company; the Rothschild interests were looked after by Sir Carl Meyer, Bart. (see note 5).

More than once Lord Rothschild did not at all approve of various actions of Rhodes, who could never get accustomed to the fact that it was not the thing to use the funds of a joint stock company as if they were his own money. On one occasion, when Rhodes had subscribed a fairly large sum out of the pocket of De Beers for school grants, Lord Rothschild pointed out to him that 'our business is to get diamonds, and we are not a philanthropic association.'

8. *Financial News*, 13th August 1889.

9. At the general meeting of the Kimberley Central on 3rd November 1887 the amalgamation with the French Company (and the Kimberley North Block Company) was confirmed, the amalgamation of the entire Kimberley Mine being now complete.

10. Beit and his group placed £250,000 at the disposal of Rhodes for this buying campaign. Rhodes at the general meeting of De Beers on 12th May 1888 proposed a vote of thanks to Alfred Beit, stating that 'they owed the firm he represented £250,000, which sum Mr. Beit had paid out of his own pocket for Central shares, although he declined to charge either commission or interest.'

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11. By the time of the merger the capital of *Kimberley Central* (formed in 1880) had risen to 176,592 shares of £10 each; it had distributed by way of dividend:

1880	. . .	10 per cent.
1881	. . .	28 per cent, in addition to which a bonus of £12 14s. 11d. was paid on each of the original shares.
1882	. . .	26 per cent.
1883	. . .	5 per cent.
1884-6	. . .	—
1887	. . .	34½ per cent.
1888	. . .	36 per cent.

On the amalgamation each £10 share in *Kimberley Central* was exchanged for two £5 shares of *De Beers Consolidated*, and in addition £2 11s. per share was paid in cash.

From the balance sheet of *De Beers Consolidated* as at 31st March 1889 it appears that the 176,593 *Kimberley Central* shares had cost £3,090,216.

At the beginning of 1887 the *Kimberley Central* shares had stood at £14; the highest quotation, shortly before the amalgamation, was £49; in May, after the general meeting, they had dropped to £38.

12. The objects for which *De Beers Consolidated Mines* was established were, and still are to-day, among others:

‘to acquire by purchase, amalgamation, grant, concession, lease, . . . any houses . . . farms, mines . . . water-works or other works, . . . diamonds and other precious stones, gold and other minerals, . . . machinery, plant, . . . patents for invention, . . .

‘to carry on the business of miners in all its branches. . . .

‘to acquire . . . any tract or tracts of country in Africa or elsewhere . . .

‘to treat with Rulers or Governments of any country for the acquisition by the Company of benefits or valuable rights.’ . . .

13. Barnato’s condition was agreeable to Rhodes’s wish; the office of *Life Governor* existed in his Gold Fields too.

The appointment of life governors in *De Beers* met with strong opposition and caused keen criticism; the arrangement

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was described as 'impolitic and objectionable.' Although the percentage of the life governors did not become payable until after a dividend distribution, with which the shareholders had every cause to be satisfied, the possibility was discussed of matters being so manipulated 'as to be able to pay a dividend which will entitle them (the life governors) to take their fees' (*Economist*, 2nd June 1888). After a distribution of 36 per cent (at first 30 per cent) the life governors were to receive one-fourth of the remaining net profits; in the first few years this did not represent much more than a pious hope, but later on receipts were very considerable, and the right represented an extraordinary capital value. The life governors between them received:

in 1896 (first distribution)	. . .	£120,400
in 1897	. . .	158,000
in 1898	. . .	103,206
in 1899	. . .	159,851
in 1901	. . .	316,000
		<hr/>
		£857,457
		<hr/>

On the formation of the Company,

Cecil Rhodes

Alfred Beit

B. I. Barnato

Fr. S. Philipson Stow

were elected, i.e. appointed, the first Life Governors. – The first to resign was Stow; in 1897 he had opposed Rhodes, and demanded that the Company should keep clear of politics, and that it had no power to spend its funds thereon. Beit and Rhodes bought out Stow's rights.

In the same year Barnato died – before the General Meeting which legally voted the distribution for 1896; thus he personally never enjoyed any income from the office of life governor, but Rhodes and Beit voluntarily placed his share at the disposal of his widow (see page 147).

In 1898 Sir Julius Wernher was co-opted a life governor. Not till 1902, shortly before Rhodes's death, were these special rights redeemed by the allotment as fully paid of 160,000 deferred shares, which were then of the value of roughly £3,000,000. In 1908, Sir Julius Wernher, the last surviving Life Governor, resigned, and the office was done away with.

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In addition to the four above-named life governors, the first Board consisted of the following:

C. E. Atkinson
Francis Baring-Gould (q.v.)
Sir Donald Currie (see note 1)
Paul Dreyfus
Robert English (*a*)
R. Hinrichsen
Woolf Joel (q.v.)
Carl Meyer (see note 5)
Harry Mosenthal (see note 6)
John Newberry
Charles E. Nind (see note 15)
Porter Rhodes (*b*)
H. Robinow (*c*)
Thos. Shiels (*d*)
G. W. Compton (see note 16)

General Manager: Gardner F. Williams (*e*)

Secretary: William Henry Craven (see note 17)

Subsequent directors, whose names may be mentioned as falling within the scope of this book, were:

1890 Sir Hercules Robinson (Lord Rosmead)
Francis Oates (*f*)
Julius Wernher – 1897 life governor (q.v.)
1897 David Harris (q.v.)
1899 Charles D. Rudd (q.v.)
1900 Dr. Jameson
1901 S. B. Joel (q.v.)
1902 Sir Lewis Lloyd Michell (see note *f*)
1905 Friedrich Hirschhorn (*g*)
1912 Ludwig Breitmeyer (q.v.)
1917 William Pickering (*h*)

The Directors received, in addition to their share of profits, a fixed remuneration of £1,000 a year each, and £100 per month during their presence in South Africa.

(*a*) *Robert English* (1850–1914), on Board of various Diamond Companies (De Beers 1888–1914) and Chairman of Fraser & Chalmers.

(*b*) *Porter Rhodes*, who was a member of the Board for only

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two years (1888-90), was no connection at all of Cecil Rhodes, but he was the finder of a valuable and historic stone in the Kimberley Mine, which is known as the Porter Rhodes Diamond.

(c) *H. Robinow*, a member of the Board of De Beers from 1888 till his death in 1899, was a cousin of Alfred Beit, who had learnt the diamond business in the firm of Robinow.

(d) *Thomas Shields* was the ruling spirit of the Board of the Elma Company previous to the latter's amalgamation with De Beers; he was a member of the De Beers Board from 1888 to 1903, and died in 1904. - The Elma's claim in the De Beers Mine were rich, and the Company was bought for £105,000, payable as to one half in De Beers shares at par, and as to the other half in 52,500 loads of blue ground from the Elma claims.

(e) *Gardner F. Williams*, an American, had come to South Africa as the manager of the Transvaal Gold Mining Co. in Pilgrim's Rest; the technical management of the De Beers did not come to his hands till after the consolidation. He was a man of considerable importance (who will be frequently referred to in the course of this book), and by the introduction of shaft-sinking and subterranean mining brought about the salvation of the diamond industry. Williams was the author of *The Diamond Fields of South Africa* (1902), which is looked upon as a standard book to this day. - His son Alpheus Williams took over his work and was with De Beers till 1931.

(f) *Francis Oates* (1848-1918) was a Cornishman who had a very interesting career; as a quite young man he had been sent by the Cornish miners to the first Miners' World Congress in Paris in 1867, and this drew attention to him. The Crown Colony Office of Griqualand West recommended him to the Kimberley Mining Board, the latter engaging him (1875) as Mining Engineer. On the expiration of that contract, Oates, together with I. Ferguson, became manager of the Victoria Mine (in De Beers) which passed into the possession of the De Beers Consolidated. Oates and his colleague Rudolf Hinrichsen, a relative of Beit's from Hamburg, joined the Board of De Beers in 1890, and after the death of Rhodes and the retirement of Sir Lewis Michell he became chairman in 1905, but was exceedingly unpopular in that office, as 'his rough and dictatorial manner was not acceptable.'

The above-named *Sir Lewis Lloyd Michell* (born 1842) was for thirty years with the Standard Bank of South Africa, latterly

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as General Manager. He was on the Board of De Beers for only a very short time (1902-5).

(g) *Friedrich Hirschhorn*, born 1862, was in Kimberley as representative of Wernher Beit & Co., and for some years Alfred Beit's alternate as life governor; from 1905 to 1930 he was a member of the Board and joined L. Breitmeyer & Co. who, after the dissolution of Wernher Beit & Co., had taken over the latter's diamond business.

(h) *William Pickering* (1856-1933) belonged to a family which stood on close terms of friendship with Cecil Rhodes (see Neville Pickering). William Pickering was on the Board from 1917-33.

14. Beit considered Rhodes the best speaker whom he had ever met. 'Time after time I have known him talk his audience round and convince them; but I think the most wonderful example was at the time when the consolidation of the diamond mines was completed and De Beers was formed.'

15. *Ch. E. Nind* (1847-1917) was a member of the Board from 1888 on.

16. *George William Compton* (1847-1932), born in London, came to South Africa at the age of 2, his father owning a sugar farm in Natal; together they began in 1871 digging for diamonds in Kimberley.

17. *W. H. Craven* was one of the first to settle down in what became Kimberley; the social life of the town centred round the 'Craven Club,' founded by and named after him; 'everyone' met there after sundown, and Rhodes, Beit, Lionel Phillips, Jameson and Rudd were regular visitors.

18. The Memorandum of Association of the De Beers Consolidated Mines was subscribed by:

Rhodes	* 4,439 shares
Beit	4,439 „
Barnato	6,658 „
Stow	4,439 „
25 shareholders of 1 share each	25 „

20,000 shares of £5 each =
£100,000.

Amongst those 25 shareholders appear the following whose names are of interest:

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W. H. Craven
 Alfred E. Caldecott
 L. Breitmeyer
 W. Pickering

Dr. Jameson
 J. Robert English
 James Rochfort Maguire

During the first year (1888) the capital of £100,000 was increased five times as follows:

on 20th April by	£175,000
on 30th April by	80,000
on 23rd October by	500,000
on 2nd November by.	2,509,620
on 14th November by	585,380

so that on 31st March 1889, the close of the first financial year, the capital amounted to £3,950,000

19. In the first year (1889) the profits of De Beers were £448,900, and a dividend of 20s. per share was paid.

Subsequent dividends amounted to:

1890	20s.
1891	22s. 6d. plus 1 Chartered share for every 5 De Beers shares
1892-4	25s.
1895	30s. 6d.
1896	42s. (including 4s. bonus)
1897-8	40s.
1899-1900	20s.
1901	50s. (including 10s. bonus) plus 1 new deferred share for every 16 existing shares held.

20. Subsequent to the great amalgamation (1890) De Beers bought in

Dutoitspan:

Anglo-African Mining Co.; on the board, I. Lewis, Jul. Wernher, Hinrichsen, Nind.

Compagnie Générale - including its interest in the Conivieras Mines in Brazil;

Sultan Diamond Mining Co.;

United Diamond Mining Co.; Alfred Beit, I. Lewis were directors;

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and entered into a permanent working agreement, by which the virtual possession was obtained of the

West Griqualand Diamond Mining Co.

The Griqualand West had been formed in 1880 with a capital of £335,740, which in 1887 was increased to £1,057,000 for the purpose of amalgamation with

West End Co.

Hercules Mining Co.

Kimberley Mining Co.

Orion Diamond Mining Co.

It further owned 111 claims of the De Beers Mining Co.

Among the first Directors of the Griqualand West Co. was Jos. B. Robinson; subsequent Directors were Woolf Joel and Ludwig Breitmeyer.

21. Later on there passed into the ownership of De Beers in *Bultfontein*:

Spes Bona Diamond Mining Co.; amongst its directors was Julius Wernher;

S.A. Diamond Mining Co.;

Bultfontein Mining Co.;

and an agreement, similar to this with the Griqualand West Co., was entered into with

Consolidated Co. Bultfontein Mine, which had been formed in 1888 to take over:

Adamant Diamond Mining Co.;

French & D'Esterre Diamond Mining Co.

Amongst its directors were:

Anton Duenkelsbuehler,

Harry Mosenthal,

Woolf Joel,

Alfred Beit,

J. C. E. D'Esterre,

Rud. Hinrichsen,

Henry Robinow,

and its Managing Director was Lionel Phillips.

The actual cost of the properties thus acquired in Dutoitspan and Bultfontein was approximately £14,500,000.

A number of the Companies merged in De Beers were practically insolvent, their shares worthless and their properties bonded to the banks, from whom they were bought by De Beers – usually for cash – and in most cases the banks retained the whole purchase price – the shareholders getting nothing.

It was decided not to increase the capital of De Beers beyond

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£3,950,000 (see note 18), but to follow a more conservative method of finance and issue debentures, for which Lord Rothschild became a trustee (see note 7). It is true that this entailed heavy fixed charges, but the burden was assumed relying that further developments would be favourable.

22. Recently (in 1934) a Diamond Producers' Association was formed consisting of:

- The Government of the Union of South Africa;
- The Administration of South Western Africa;
- Consolidated Diamond Mines of South West Africa;
- Diamond Corporation;
- De Beers Consolidated Mines;
- Premier Diamond Mining Co.;
- New Jagersfontein Mining & Exploration Co.;
- Cape Coast Exploration;
- Koffyfontein Mines;

each participant receiving a quota of the volume of trade.

23. Here also a change has taken place. Now the once prosperous city is in extremis; whilst in 1888, about the time of the amalgamation, the population was 60,000, according to the census of 1931 it was only 42,900 (of which 17,500 were Whites and 25,400 Natives). The Government contemplates relief for Kimberley; it was 'decided to afford permanent relief through the setting up of a new industry, as Kimberley cannot await a revival in the diamond trade, which experts now fear may still take several years. . . . A few years ago the De Beers and Jagersfontein mines supplied 85 per cent of the world's diamonds. During the period of prosperity in the United States before the Stock Exchange panic of 1929 that country took 80 per cent of the world's output of diamonds, but the world-wide depression of the ensuing years has hit the diamond trade very hard and culminated in 1932 in the closing down of De Beers . . . and other mines and the throwing out of work of large numbers of white and native employees. In 1933 the Government declared its intention to open no new fields during the prevailing depression, and a conference held in the same year resulted in an agreement to control sales and stabilise prices' (*The Times*, 4th Aug. 1934).

The De Beers is far from doing well; dividend on the preference capital is in arrear as from the end of 1930 and the deferred capital has not received a dividend since 1929. - In May 1935 a scheme was submitted dealing with the arrears of dividend.

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THE RIGHT HON. CECIL JOHN RHODES, P.C., 1853-1902

- 1853 (9th February, Dr. Jameson born.)
(15th February, Alfred Beit born.)
5th July, Rhodes born.
- 1861-9 Bishop Stortford Grammar School.
- 1870 1st September, landed in Durban.
- 1871 Cotton planter in the Umkomaas Valley, Natal.
Arrival at the Diamond fields.
- 1873 Matriculates at Oxford University.
- 1874 Returns to Kimberley.
- 1876-7 Keeps terms at Oxford.
- 1877 Vacation in Kimberley.
- 1878 Oxford.
- 1880 Foundation of De Beers Mining Co.
Elected to Cape Parliament as member for Barkly West.
- 1881 Maiden Speech on Basutoland.
Last term at Oxford; M.A.
- 1882 Meeting with Gordon in Basutoland.
- 1884 Treasurer of Cape Colony.
- 1886 Discovery of gold on the Witwatersrand.
- 1887 Acquires all holdings in the De Beers Mine.
Foundation of Gold Fields of South Africa.
- 1888 Foundation of De Beers Consolidated Mines.
Charles Rudd receives from Lo Bengula Concessions
('Rudd Concessions').
- 1889 October, Charter granted to the British South Africa
Company.
- 1890 Prime Minister of Cape Colony.
The Pioneers reach Salisbury.
- 1891 First visit to Mashonaland.
- 1892 Negotiations for purchase of Delagoa Bay.
- 1893 Rhodes's second Ministry.
Matabele War.
- 1895 P.C.
The Chartered Territories named Rhodesia.
29th December, Dr. Jameson crossed the frontier into
the Transvaal.

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- 1896 2nd January, Dr. Jameson surrenders.
 5th January, Rhodes's resignation as Prime Minister.
 22nd June, Rhodes resigns from the Board of the Chartered Company.
 Matabele Rising.
- 1897 February, Sitting of the Commission of Inquiry.
- 1898 Rhodes re-elected to the Board of the Chartered Company.
- 1899 11th October, outbreak of Boer War – Rhodes in Kimberley.
- 1900 15th February, relief of Kimberley.
- 1902 26th March, death of Rhodes.

Cecil Rhodes left a very considerable fortune, which probably amounted to some £6,000,000. The executors of his will, which, like Beit's, rather resembled a State document, were Lords Rosebery, Milner and Grey, Dr. Jameson and Alfred Beit.

1. This delightful story was told to Sir William Butler in South Africa, and is contained in his autobiography.

2. *Gordon Le Sueur*, together with *Philip Jourdan*, belonged to the number of younger men gathered round Rhodes who, whilst not occupying any definite post, did secretarial work for the Chief; both wrote biographies of Rhodes. *Neville Pickering* (see note 8) also belonged to their circle; all three were South Africans.

3. Rhodes and Beit voluntarily paid to the widow Barnato's share for the year arising from the De Beers life governorship; see page 147.

4. Colonel Francis (*Frank*) William Rhodes, C.B., D.S.O.
 1851–1905.

1865 Eton.

1873 Entered Army.

1884–5 Sudan Expedition.

1888 " "

1889. Colonel.

1890–3 Military Secretary to Lord Harris (q.v.).

1891 D.S.O.

1894 Military Member of Council in Matabeleland.
 Representing Gold Fields.

1895 Member of Reform Committee.

1896 Sentenced to death for his share in the Raid; sentence commuted to 15 years' imprisonment and £25,000 fine.

1898 Campaign against the Mahdi.

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1899-1901 Distinguished himself during South African War.

1900 C.B.

1903 Retired from Army.

1903-5 Managing Director of African Transcontinental Telegraph Co.

After the death of Frank Rhodes the Dalham Hall Estate passed to Ernest Frederick, the eldest of the Rhodes brothers (who died in 1907).

On being released from prison Frank Rhodes refused to accept the conditions of the Transvaal Government that he should abstain from politics for three years; accordingly, he had to leave the country and went to Mashonaland. - He paid particularly dearly for his share in the Raid, as he was at once placed on the retired list.

In 1898 he took part in the campaign against the Mahdi under Kitchener, and fought with such distinction at Omdurman, where he was wounded, that his name was restored to the active list.

5. *Charles D. Rudd*, 1844-1916.

Rudd's personality and career are inseparable from Cecil Rhodes, and he is mentioned again and again in this book; as long ago as 1873 they became partners in Kimberley, as subsequently in De Beers, and after this they joined in the formation of the Gold Fields and the Chartered Company, which was founded on the Concessions ('Rudd Concessions') granted to Rudd by Lo Bengula.

In later days he often told how the pair of them - it must have been round about 1875 - were offered the whole of the De Beers Mine for £6,000, but the deal went off because between them they were unable to raise the necessary money.

Rudd was a very economical and careful gentleman who often exercised a restraining and beneficial influence on Rhodes's enterprising spirit, but on the Rand he acted as a hindrance rather than a help, and in particular discouraged Dr. Sauer.

For a time, from 1883 to 1888, he took an active part in politics, and was a Member of the Cape Parliament. The Mount Vernon Hospital for Consumptives is indebted to him for a gift of £200,000, by means of which it was able to reconstruct its buildings.

6. Amongst the means by which it was intended to surround the Transvaal was the acquisition of Delagoa Bay, the natural

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harbour of the country. During the years from 1891 to 1893 Baron Merck conducted negotiations with Portugal on Rhodes's instructions, and was prepared to offer, backed by the Rothschilds, £700,000. Apart from the Transvaal itself, Germany and France were interested in the matter, and the negotiations went off for political reasons and not only on account of the excessive demands of Portugal.

7. The writer knows that with the statement, 'the price of gold is stable,' he approaches a dangerous and much discussed question; in his foreword he has said that he intends to creep without a sound past the problem of the premium on gold – now the moment has come, and he is going to keep his promise.

8. Rhodes was on particularly intimate terms of friendship with the *Pickering* family. When Neville, the only legatee under Rhodes's second Will,¹ was dying, his friend abandoned negotiations of the utmost importance on the Rand and hurried back to Kimberley. Neville's brother William Pickering (q.v.) was first Secretary, then a member of the Board, of De Beers.

9. *Consolidated Gold Fields of South Africa*. – In the main this holding company lived up to its name and was interested in Rand enterprises; from motives stated in the text, however, it also held large blocks of De Beers shares (not a bad investment from a dividend-paying point of view); interests in British South Africa (Chartered) shares; 50 per cent of the Johnson Heaney & Harrow Co., which had acquired large interests in Mashonaland; an interest in the Mashonaland Agency, the United Rhodesia Co., and even in expeditions to Mashonaland. These varied interests not only injured the liquid position of the Company, which had in fact been formed for quite different purposes, but they were also a source of constant worries and unpleasantness.

Furthermore, Gold Fields management was none too good and lay in far too many hands. Rhodes and Rudd were in supreme command, with Frank Lowrey under them as Managing Director; then there were Francis Oates and Gardner Williams who, whilst not members of the Board, did not refrain from giving their opinions and advice. There could therefore be no question of a clear-sighted policy; Rudd had bought together

¹ Rhodes made in all six wills, the first at the age of 24 in 1877, subsequent ones in 1882, 1888, 1891, 1893 and 1899.

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large plots of land such as Elandsfontein, Luipaards Vlei (q.v.) and others, which all suffered from the one drawback that at the time they were entirely unproductive. – When the management came to see that their own ideas and operations brought in no results, they acquired big blocks of shares in proved and successful mines such as City & Suburban, Crown Reef, Geldenhuis, all of which did their duty as far as dividend-paying went, but it is not the object of a large and independent finance company to let its shareholders be fed at another man's table. In spite of the adoption of this expedient, the position of Gold Fields became so awkward that when, after the Jameson Raid, it was found impossible to refill the cash by an issue of its own shares, the directors were compelled, figuratively speaking, to take their share-portfolios under their arms and seek loans from the banks.

Under the ægis of John Hays Hammond (see below), Gold Fields had gone in for the opening up of the deep levels; in 1893 the Gold Fields Deep Co. (q.v.) was founded for this purpose, but in 1898 it was merged again in the parent company, and so it happened that towards the end of that year (1898) the latter had become so disorganised and formless that it found itself face to face with chaos; a period of clearing up and reconstruction set in.

It was *because* the Company was managed by Rhodes in an arbitrary fashion that it got into such straits, but at the same time it was *because* Rhodes stood at its head that nothing serious happened, and thanks to able assistance all the rocks were safely avoided, and it was even possible to distribute quite good dividends, not always in cash, but anyhow in shares of subsidiary companies. . . .

No attempt has been made here to give even a broad outline of the varied and many-sided history of the Gold Fields; if this were written it would provide an interesting chapter in the history of modern finance. The author's intention in this rapid survey was, however, to give proof for the contention so often set up in his book, that many sins were committed on the Rand, especially as regards finance, but that the elemental strength of the never failing stream of gold threw the veil of charity over sins both great and small, whether committed by the great men or the smaller fry. Only those Companies were in a hopeless position which had the bad luck not to find any gold.

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The subsidiary companies of the Gold Fields, including those floated by the parent company itself, on the other hand *did* produce gold, and so it came about that between 1889 and 1934 the shareholders received in all $793\frac{1}{2}$ per cent = a yearly average of $17\frac{1}{2}$ per cent in dividends, so that they had no reason to complain.

The Gold Fields shares were great favourites among speculators, but as they were Rhodes's chief venture on the Rand, they experienced a particularly sharp set-back after the Raid; in September 1895 they were still at £19 $\frac{5}{8}$, four months later, in January 1896, they had fallen to £10, that is almost half their former price. (In 1892 they stood at 1 $\frac{3}{4}$, during the slump they were quoted at 3 $\frac{3}{8}$, 1898.)

The Finance Company had begun in 1887 with a capital of £125,000, which in five years had been increased exactly tenfold and by 1892 had grown to £1,250,000; at the present day it is £6,500,000.

Its main enterprises on the Rand to-day are Simmer & Jack, Robinson Deep, Sub-Nigel (see below), West Witwatersrand Areas and Vogelstruisbult Gold Mining Areas.

Many a time on the Rand both management and shareholders had need of much patience till a venture reached the paying stage, till the reef was struck at the correct spot, and sometimes their patience was amply rewarded – as, for instance, in the case of *Sub-Nigel*, whose Board included in addition to J. H. Hammond also E. F. Rhodes, a brother of Cecil. Formed in 1895 with a capital of £350,000 in the Heidelberg district – at the very spot where Carl Hanau (q.v.) had the idea, speculative at the time, but proved in the course of years to have been right, of digging for gold, and where in his Coronation Syndicate he met his most serious failure – the Sub-Nigel shareholders had to wait for seventeen years before they saw any results; crushing began not before 1909, and from 1912 on dividends commenced to come in, slowly at first, till over the twenty-three years down to 1934 they amounted in all to more than 30 per cent per annum. If we include the long years of waiting from 1895 on, the Sub-Nigel shareholders have even so over the forty years received more than 17 per cent per annum on their shares.

From 1899 to 1929 the Chairman of Gold Fields (director since 1896) was *Lord Harris*, 1851–1932.

George Robert Canning, 4th Baron Harris, a cousin of

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Rutherford Harris (q.v.), of the Chartered Company, was a man of many interests, politician, soldier, administrator, and in the City could look back on a thirty-five years' experience; in the course of a great career he was Governor of Bombay, Under-Secretary of State for War and at the India Office, Lord-in-Waiting at the Court of Queen Victoria, and A.D.C. to the Queen and to Edward VII, but not one of these high offices was able to eclipse the fame which he had gained as cricketer.

John Hays Hammond, born in 1855 in San Francisco, came (1893) to the Transvaal as Barnato's Consulting Engineer, but soon entered Rhodes's service, and was in the front rank of those American Engineers to whom the Rand owes its great and rapid development. Taught by experience gained in other fields, these men had recognised that the new deposits constituted a field for workers on a large scale only, and in fact the failures occurred in a relatively large proportion in the smaller mines.

Amongst these American Engineers Thomas Mein succeeded in bringing down working costs, Charles Butters introduced technical improvements, MacArthur was the first to extract rich gold from the Sheba tailings, a process which alone opened up the great possibilities of the Rand; Henry Perkins's management of the Geldenhuis Deep was a model for all other mines, and in particular Hammond's authoritative estimates gave a scientific basis to natural but inexperienced optimism. His special merit lay in the opening up of the Deep Levels.

After he had got settled on the Rand and had closely studied the conditions, he summed up his impressions in six points, all of them complaints against the Boer Government, which culminated in the following sentence: 'The difficulties which the industry faced in Johannesburg were not due to any of those technical obstacles which engineers are employed to overcome, but to obstructions deliberately placed in the way of the mining community by the Boer Government.' Hammond's opinion was of special and great value because he, subsequently one of the highest paid engineers in the world, was not at all tied to the Rand. Out of interest in the task which he had undertaken, he, an American, to whom the right of franchise could not have the slightest importance, became a rabid politician, and as one of the four ringleaders he was after the Raid sentenced to death. After the repeal of the sentence he signed

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the undertaking that he would for three years abstain from politics of any kind, but he left South Africa by the next boat.

In America he played a great part in public affairs, and was more than once nominated as a candidate for the Presidency; he took part in the Coronation of his present Majesty as Special Envoy and representative of President Taft. — John Hays Hammond, to this day an authority in mining matters, is still among us.

10. The shareholders in the *Chartered Company* have not been spoilt in the way of dividends; from 1889 to 1934, forty-six years in all, they have received a total of 12s. 6d. per cent.

11. Lord Esher very aptly described Rhodes as 'a splendid enthusiast,' but added the reservation that he 'looks upon men as machines.' — Of all Rhodes's reported sayings, perhaps the following gives the clearest expression of his contempt for men as a whole, 'I object to the ballot *in toto* . . . because I like to know how a person votes.'

12. *Sir David Harris*, K.C.M.G., V.D. (born in 1852, the son of Woolf Harris, of Canonbury, London), 'began,' in the words of L. E. Neame (*Some African Politicians*, 1930), 'life as an optimist, and the possession of a racing stable to-day shows that long experience has not changed his outlook.' He came to South Africa for the first time in 1871 ((Sir) Julius Wernher (Bart.) was his fellow-traveller), attracted, like his cousins Barnato, by the glitter of the diamonds, and he remained his whole life long a Kimberley man who, in addition to many other directorships, was a member of the De Beers Board for nearly forty years (until 1931). — Sir David as soldier took part in many Colonial wars, beginning with the Gaika Galeka War (1877–8) and ending with the siege of Kimberley (1899–1900), when he was in command of the Town Guards; he finished his military career as Colonel and Brigade Commander in Griqualand West. At the instigation of Rhodes and as successor to Barney Barnato he represented this district for thirty years in the Legislative Assembly, and it speaks volumes for his popularity that during the whole of this time he had to fight only one election; Sir David did not retire from Parliamentary life till 1928.

At the age of nearly 80 in 1930 he occupied his leisure hours with the pen, and in *Pioneer, Soldier and Politician*, he has produced an unassuming and picturesque sketch of an exceedingly busy

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life which covered two generations. – Sir David Harris now enjoys a quiet well-earned rest in Lancaster Lodge, Kimberley.

13. 'Don't be afraid to dream boldly' – this is how on the 22nd June 1934 Leopold S. Amery, the former Secretary of State for the Colonies, defined the message of Cecil Rhodes to young men. – On this date the South African Club and the South African and Rhodesian Rhodes Scholars meet annually to keep alive the memory of the 22nd June 1899, on which day Oxford University conferred on Rhodes the honorary degree of D.C.L.

14. The *Rhodes Fruit Farms* were at first financed jointly by Rhodes and Beit; a fortnight before his death Rhodes transferred this great property to a private company, in which De Beers is interested to this day. Amongst the first directors were Alfred Beit and Dr. Jameson; the nominal capital now amounts to £279,000.

15. In January 1895 Rhodes was blackballed by the Travellers Club, but two months later was elected to the Athenæum.

16. The three great allies in De Beers, who subsequently parted company and separately rose to leadership on the Rand, all died young: Beit when only 53, Rhodes when 48 (both were born in 1853), and Barnato, their senior by one year, when only 45. Sir Lionel Phillips, only two years younger than Rhodes and Beit, is alive to-day and in the full enjoyment of his health; Sir David Harris, also still among us, was even born one year before Rhodes and Beit. – The premature death of the big three has shifted, but erroneously, the perspective of the important S.A. events; therefore we imagine them in a far more distant past than is actually the case.

17. The 'humble petition' to grant a charter was signed by:

The Duke of Abercorn,

The Duke of Fife,

Lord Gifford,

Cecil John Rhodes,

Alfred Beit, of 29 Holborn Viaduct, merchant,

Albert Grey (subsequently Earl Grey),

George Cawston, Barrister-at-Law.

One of the terms of the granting of the Charter was that Abercorn, Fife and Grey were to be permanent members of the Board.

18. See note 6 to this chapter.

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19. The *Journals and Letters of Reginald Viscount Esher* (1934) contain the following novel and strange version as to what took place before the meeting of the Commission of Inquiry: Lord Esher (Reginald Brett) had learnt through W. T. Stead that Rhodes was contemplating admitting 'full complicity in the plot' and that he intended to tell 'the whole truth' to the Colonial Secretary. Brett then went to Chamberlain and put to him the very embarrassing question whether he wished Rhodes at the Colonial Office 'to be cautious or to be perfectly frank.' The Minister 'hesitated to answer and looked very serious,' for if Rhodes officially told him too much, it might be possible that he would have to consider whether the ex-Prime Minister of the Cape Colony should not also be prosecuted. Chamberlain found it impossible to come to a clear decision in this very delicate situation, but advised Esher that Rhodes should 'very seriously consider the position in which he stood.' Esher discussed matters with Rhodes and 'was concerned in saving Cecil Rhodes from himself,' and the final result was that it was decided to take the opinion of the eminent solicitor Sir George Lewis, who gave the urgent advice that Rhodes should be very careful.

Lord Esher was not at all satisfied with Rhodes's conduct before the Commission, and wrote to Stead: 'Alas! Rhodes was a pitiful object. Harcourt, *very* sorry for him: too sorry to press his question home. *Why* did Rhodes shuffle after all we had told him?'

Perhaps, however, it was the very advice of Esher and Sir George which had made Rhodes uncertain of himself, had brought him into a position of which he himself did not approve, and thus induced him to shuffle.

In spite of Harcourt being '*very* sorry for him,' Rhodes cut a bad figure in the report which was finally adopted (for the minority report of Labouchere, see under Alfred Beit, note 26): 'Mr. Rhodes occupied a great position in South Africa; he was Prime Minister of Cape Colony, and, beyond all other persons, should have been careful to abstain from such a course as that which he adopted. As Managing Director of the British South Africa Company, as director of the De Beers Consolidated Mines and the Gold Fields of South Africa, Mr. Rhodes controlled a great combination of interests; he used his position and those interests to promote and assist his policy. Whatever justification there may have been for action on the part of the

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people of Johannesburg, there was none for the conduct of a person in Mr. Rhodes's position, in subsidising, organising, and stimulating an armed insurrection against the Government of the South African Republic, and employing the forces and resources of the Chartered Company to support such a revolution. . . . Nothing could justify such a use of such a force, and Mr. Rhodes's heavy responsibility remains, although Dr. Jameson at the last moment invaded the Transvaal without his direct sanction.

Such a policy once embarked upon inevitably involved Mr. Rhodes in grave breaches of duty to those to whom he owed allegiance. . . .'

20. Before the great limited companies had their own extensive rooms, the Cannon Street Hotel was the scene of the majority of the general meetings of the mining ventures, which furthermore in those days roused far greater interest and accordingly were much more largely attended than at the present time. The name of the Cannon Street Hotel is now Southern House.

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1. In 1928 the yield from the Government Namaqualand Diamond fields amounted to £7,649,748; since then the output has been artificially kept down through the partial and at times the total closing down of the fields.

Copper, the first metal worked in South Africa by white men, was found in Namaqualand as long ago as 1681.

A gold industry is still in its infancy if it should realise the hopes placed on it; in 1932 a Canadian company acquired considerable options on farms in Namaqualand. (See also 'Pebbles and Bubbles,' note 1.)

2. 'A much travelled Moslem, Massoudi of Baghdad, . . . appeared on this scene . . . and, like so many later visitors to Africa, wrote a book about it . . . *Meadows of Gold*.' (Walcker, *A History of South Africa*, 1928.)

3. Dr. Carl Mauch, 1837-75.
1837 born at Stetten in Wuertemberg (not Stettin), studied geology, and for a short time was a school teacher. Attracted by the idea of foreign exploration, he left his home as a young man, and came as an ordinary seaman to South Africa.

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- 1858 after a thorough study he expressed the view that in the Lydenburg district there might possibly be a gold deposit which would pay the working.
1864 he discovered gold in Tati on the south border of Matabeleland.
1867 reported gold in Mashonaland and on the Witwatersrand (see below).
1871 he explored the Zimbabwe Ruins.

In the early seventies he returned to Germany and lived there a few more years in reduced circumstances. The hardships he had undergone in South Africa had made him a sick man, and the trouble from which he suffered did not allow him any sleep except in an armchair by the open window; so it happened that one night in 1875 he fell out of the window in Stuttgart and was killed. The second highest mountain in the Transvaal, the Mauchberg, 8,000 feet high, is named after him.

In 1867 Mauch and Robert Lys (q.v.) visited the Witwatersrand and inspected the peculiar rock formation of that region; in those early days Mauch had already expressed the opinion that the Rand would prove to be a very rich gold field (see page 100).

The story further goes that this opinion of Mauch's came, needless to say, in a perfectly straightforward manner, to the knowledge of the German Government, whereby its interest in the Transvaal was naturally heightened. There is not much inherent probability in this version, quite apart from the fact that Mauch died as early as 1875.

4. *Tati Gold Fields* (in the Tati district, now forming part of the Bechuanaland Protectorate) were discovered by Dr. Carl Mauch in 1864, but from one cause or another mining did not commence till 1868, and the gold production up to 1892 did not exceed 2,000 ounces (£8,500). The largest output was in 1922 with 6,000 ounces (£25,000), which in 1932-3 dropped to 2,100 ounces (£8,700).

5. Quite unappreciable finds of gold had been made in the Transvaal as far back as 1854; the 'emigrant farmers beyond the Vaal,' however, had only just (1852) been guaranteed their independence; they feared that the influx of an alien population might endanger their young liberty, and accordingly all pros-

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pecting was forbidden. Later on this prohibition was withdrawn, and a reward of £5,000 was even offered for the 'discovery of a really rich gold mine.' – The mental attitude of the Boers towards gold and its mining, however, underwent many more changes.

6. William Pigg's name is commemorated in Pigg's Peak, Swaziland, which for a short time was also a digging centre.

7. *Lydenburg Gold Fields – Pilgrim's Rest.* Gold was discovered as far back as 1869; the output over the whole period probably amounted to £2,000,000.

Lydenburg was not connected (with Belfast) by rail till 1910, and since then there has again been greater activity in the district.

Pilgrim's Rest is situated in a magnificent romantic district with an excellent climate, but to get to it in the seventies meant, in fine weather, a strenuous expedition; if it rained, it was an impossible undertaking. The road lay past Hell's Height and Devil's Kantoor, and the pilgrim might well rejoice when at last he arrived at his well-earned rest – hence the name.

8. Lydenburg Mining Estates Company, whose name was changed in 1896 to *Transvaal Gold Mining Estates*, owned amongst others the Theta Reef, an outstanding feature, as for a time it yielded 5 ounces to the ton.

Under the management of Wernher Beit & Co., since 1895 the first dividend (10 per cent) was not paid till 1898 (in 1913 and 1914 the distribution was 37½ per cent per annum), yet during the boom the shares stood at nearly £11, but about 1900 slightly over £1. Since 1920 the productiveness of the mine has fallen off considerably, with a corresponding fall in the dividend.

Glynn's Lydenburg (1897), which belongs to the same group, has also experienced a set-back in its production; from 1897 to 1921 quite good dividends were being paid amounting in the whole to 401¼ per cent (i.e. roughly 16 per cent per annum); but since 1922 it has been impossible to make any further distributions.

9. *Baron Grant* (Albert Gottheimer), 1830–99, a company promoter of Emma fame (a silver mine, which paid investors a shilling for each £20 share) and for a time M.P., had purchased from the Metropolitan Board of Works the neglected area of Leicester Fields at a cost of £30,000, converted it into a public

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garden (Leicester Square) and bequeathed the Shakespeare statue, a reproduction of Scheemakers' statue in Westminster Abbey; the popularity, however, which he sought did not materialise, for his business methods were too well known. On the occasion of the unveiling in Leicester Square a ballad was being sold in the streets which ended with the words that Grant had made the gift solely because he wished that *for once* at least his name should be connected with 'something square.' – The very day after the unveiling of the statue (1874) he was unseated, for bribery, for Kidderminster.

After a series of actions in bankruptcy court the 'baron' retired to Bognor, where he died comparatively poor.

10. As to Burgers' sovereigns and his journey to Europe, see page 107.

When the President visited the Lydenburg district he found in one place so many Scotsmen that he jocularly named the district New Caledonia and the place itself MacMac. – For a time MacMac gave employment to over a thousand diggers.

11. Since the debased currency of all countries has once more made digging for gold profitable, there has been increased activity in Lydenburg also.

In 1916 it was officially announced that the district still 'offers a vast field for the individual efforts of the small man.' Five large producing mines, 8 small mines and 29 digging concerns are even now at work in the district.

12. *De Kaap Valley*. – Gold finds had been made as far back as 1875, but they attracted little attention, and until 1882 almost nothing had been done; in that year a small rush took place. In 1884 part of the district was declared as a goldfield and Moodie's Farm thrown open, 1,000 diggers being at work on it for a time; the number grew to 8,000 when the Sheba Reef was discovered in 1886 and a new gold fever broke out.

13. *George P. Moodie* sold the farms to a Natal Syndicate; the diggers (see preceding note) came off badly, for before the sale the terms agreed upon with them were rescinded.

Moodie's Gold Mining and Exploration Company, formed by the Syndicate in 1884 with a capital of £240,000, was not a success; the first dividend paid was 4*d.* per £1 share in respect of 1886–7, for 1887–8 the distribution was 9*d.*, and for 1890 again 4*d.*; in spite of this in March 1887 the shares stood at £3½.

Another Company formed with claims in this district in

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1888 was the *United Pioneer (Moodie's) Gold Mining Company* with a capital of £140,000. In addition to Moodie himself, men like E. Lippert, Ludwig Breitmeyer and Sigmund Neumann were interested in this Company, but even this did not prevent its being a failure.

14. James Cook Rimer had been a digger in the old Kimberley days, and, together with Henry Nourse and others, was a Lieutenant in the Kimberley Light Horse under the Captaincy of Jos. B. Robinson.

15. The *Sheba Gold Mining Co.* (Lewis & Marks group) was formed in October 1887 and, until it was outstripped by the great Rand Companies, it was the richest property in the Transvaal. But even this mine, which was started with such sensational hopes, has not kept its early promise; from 1888 to 1898, that is in ten years, it has distributed dividends totalling 86½ per cent. Compared with the fantastic prices of the early days, the quotation of £3 in 1895 must be called definitely low.

All the same until 1918 (in which year the mine was closed, to be reopened in 1919, but it again ceased working for several years and placed in liquidation 1930) the Sheba produced gold to the value of £4,000,000.

16. For Sheba shares standing at £90 to carry interest at only 5 per cent – modest enough in all conscience – it would have been necessary to distribute 90 shillings per annum; with a distribution of 4 shillings per month, even if it had lasted – and needless to say it did not last – only 48 shillings per annum would have been achieved.

TRAIL-BLAZERS AND THE STRUBENS

1. In order to appreciate correctly the outstanding importance of the new *gold from the Witwatersrand* it is necessary to consider this event in connection with the total gold production, for the Rand has proved to be the most permanent and enduring goldfield in the world.

The discovery of gold in California in 1848 and in Australia had already rushed the output from about £5,500,000 in 1847 to over £30,000,000 in 1853, and until 1875 it did not fall below £20,000,000. From that year onward it kept to round about £22,000,000.

In 1887 statistics for the first time included gold from South

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Africa (that is, actually from the Transvaal); the world output amounted to £21,735,000, of which £170,000 = .8 per cent. came from South Africa. To-day eight Rand properties (Government Areas, Crown Mines, New Modderfontein, Randfontein Central, East Rand Prop., City Deep, Brakpan and Springs) produce more gold than did the whole world in 1887.

With the further opening up of the Rand the annual world output grew gradually to over £80,000,000, of which the Rand contributed roughly 50 per cent—53.1 per cent in 1929, 48.4 in 1932.

The part which the discovery of the Rand played will be clearly seen from the following table (statistics of gold production are available from 1493):

	£ millions	Total Gold Percentage	Annual rate £ millions
1493-1600 . . .	103.1	2.2	.9
1601-1700 . . .	124.5	2.6	1.2
1701-1800 . . .	259.5	5.5	2.6
1801-1850 . . .	161.8	3.4	3.2
1851-1900 . . .	1,419.5	30.2	28.4
1901-1932 . . .	2,638.6	56.1	82.5
	<u>£4,707.0</u>	<u>100.0</u>	

The gold era commenced in earnest, 1886.

2. General J. C. Smuts in the foreword to George Fort's *Alfred Beit*.

3. *George Walker* (1853-1924), born in Wigan, Lancs, was the regular type of the small restless fortune-hunter, ever moving from one place to the other. When he was with his friend George Harrison for the second time on the road to Barberton, both tried to earn a bit of money by odd jobs. Walker took a post as miner under Fred Struben at Wilgespruit, *George Harrison* found work with the widow Oosthuizen, at Langlaagte farm, who was having a small house built for her son. Walker, of whom Struben did not think very much, was soon dismissed, and as he had plenty of time on his hands, he helped Harrison with the building of the house, so that they might get the quicker to Barberton. While lounging about the farm one Sunday morning in February 1886 he found by accident that the stone contained gold. He went on digging, and in doing so actually struck

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the Main Reef. As reward for this undoubtedly important, even if accidental, discovery, he eventually received two claims; one of them he gave to Harrison, the other he sold for £350 – that was his share in the abundance.

His old age was not a happy one, and only a pension from the Chamber of Mines lifted him out of penury; he died at Krugersdorp on the 18th September 1924.

4. *George Honeyball* was born in 1857 in Cape Colony. He was a nephew of Mrs. Oosthuizen of Langlaagte, and carried on a carpenter's and blacksmith's shop not far from her. – When he heard of Walker's first find, he tried to locate the spot, and in doing so he struck an outcrop half a mile distant. Struben, Godfray Lys, and also Henry Nourse (see next appendix) were particularly interested in this find, and it is said that the latter had drawn J. B. Robinson's attention to Langlaagte. It is certain that Honeyball was at the time not at all aware of the importance of his discovery. To-day he is in receipt of an annual pension and lives at Eastown, Newlands, not far from the spot where fifty years ago he made his important and epoch-making find.

(George Walker, George Harrison, George Honeyball – 'the three Georges'.)

5. Lieutenant-Colonel *Henry Nourse*, born 23rd April 1857, took part in all the wars of his time in Europe and Africa; as soldier he was a close companion of Ferreira (see next note). – Nourse had been in Kimberley with varying success, and was on friendly terms with Rhodes. On the Rand, where he was one of the first claim-owners, he started on Langlaagte farm the Kambula Gold Mining Co., which subsequently passed into the hands of the Robinson Gold Mining Co., the latter thus becoming the proprietor of all the claims on the farm. The property which he held jointly with Carl Jeppe, a brother of Julius Jeppe (q.v.), was subsequently divided; Jeppe floated his blocks into the 'Spes Bona,' Nourse his into the Henry Nourse Gold Mining Co. The Wernher Beit combine was interested in the mine (at present *Nourse Mines* in the Central Mining and Investment Corporation Group – Colonel Nourse being to this day a member of the Board of this mine and of the Witwatersrand Gold Mining Co. (see note 15)).

In the General Meeting 27th October 1933 Henry Nourse gave an interesting review of the Company's history, and related

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among other details how he started mining; he had thirty-four claims, which he floated in the Henry Nourse Gold Mining Co., having at his disposal a capital of £6,000. 'This would appear a ridiculously inadequate capital to-day, but at that time proved quite sufficient. We erected a ten-stamp battery on a creek which then ran through the claims. We knew no more about mining than the man in the street. What mining we did was by open cuttings, which, after we had gone down from 20 to 25 feet, began to fall in on us and made mining difficult and dangerous – struts to hold up the walls were not thought of and were unobtainable. Eventually we sank shafts on the main reef which was nearly perpendicular for 100 feet. Owing to the reef being so vertical it did not enter our heads that it was any use marking out the deep level claims. To augment our finances pending the arrival of the battery, the ore mined was sent to the Struben Brothers battery on the Cliffendale Mine.' In 1887 the Company was registered with a capital of £125,000.

The maiden dividend was not paid till 1897, but in the three years to 1899 the Company paid in all 330 per cent. The highest quotation was therefore not reached during the boom (top price £8), but in 1898 when the dividend was 150 per cent and the price nearly £11.

Colonel *Ignatius Philip Ferreira*, C.M.G., 1840–1921, was one of those picturesque and interesting characters of the early days on the Rand, whose eventful life as a soldier and a digger would fill whole chapters. It is only in recent years that the veil concealing him and the great number of the true pioneers on the Rand has to some extent been lifted; their days have been described in detail by Hedley A. Chilvers in *Out of the Crucible* (1929), by William P. Taylor in *African Treasures* (1932), and by William Macdonald in *The Romance of the Golden Rand* (1933).

Ferreira was at Pilgrim's Rest, De Kaap Valley, in the early days, and had established a regular postal service with Henry Nourse in Barberton which did good business, as the gold fields brought much traffic. – He took part in every one of the wars in various parts of South Africa, but his name became even more famous in another connection than through Ferreira's Horse which he raised and commanded. In the middle of 1886 he had pitched his tents and stabled his wagons on Randjeslaagte Farm, and the Camp, named after him Ferreira's Camp, was

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on the 4th October 1886 proclaimed a public digging - and this first camp developed at a pace never again seen, into the town of Johannesburg; the district called Ferreira's Town commemorates his memory to this day. - On Kruger's nomination, Ferreira was the first who in the diggers' camp represented the authority of the State and enforced peace and good order.

The *Ferreira Gold Mining Co.*, named after him, was formed in 1887 with the modest capital of £12,000, but very soon ceased to have any connection with him and passed into the control of the Wernher Beit group (see 'Beit,' note 14).

Ferreira's later life was not a happy one (see page 329).

6. *Dirk Geldenhuis*, the former owner of Struben's farm, Wilgespruit (see note 11), now the township of Roodeport, is undoubtedly entitled to the credit of being the first to draw Struben's attention to the Rand.

7. *Robert Lys*, born in St. Helier, Jersey, was first in the Navy, then went to South Africa as Surveyor, and amongst other things he laid out in 1855 the township of Pretoria, and was the owner of the first prospecting concession granted by the Transvaal Government. Lys was on close terms with Baines and Mauch, and as long ago as the early seventies he discussed with them the possibility that the waters which flowed from the Witwatersrand might perhaps be gold-bearing. In 1867 he had drawn Mauch's attention to the peculiar rock formations of the Rand.

8. Robert's son, Major *Godfray R. O. Lys*, born in 1860 at Pretoria, began as a soldier, and fought under Ferreira in the Secocoeni and under Sir Evelyn Wood in the Zulu War. When the Transvaal regained its independence, he, like so many Englishmen who could not understand Gladstone's South African policy, left the country and settled in Natal.

Subsequently he was the close collaborator of the Struben brothers; when after six months' hard work with the new battery he and Fred had got so far that they had extracted from the quartz a solid lump of gold weighing 32 ounces, Lys rode the 40 miles into Pretoria without off-saddling, to see Harry Struben (who was his step-uncle). Tired, exhausted and excited he arrived with the lump in his pocket. 'To me it was,' he subsequently told William Macdonald, 'the most tense and dramatic moment of my whole life. For I knew I had in my possession

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the actual proof and the visible token, for the first time in the history of mining, of payable gold extracted from the conglomerates of the Witwatersrand.'

Lys had met Harry Struben in the Pretoria Club, the discovery was no longer a secret, and in addition the Government hurried on its publication (see page 103): **The history of the Rand had begun.**

9. *Thomas Baines* (1822-75), a native of King's Lynn, Norfolk, was, like Mauch, one of the early pioneers who died too soon. Explorer (F.R.G.S.), artist and trader in one, he belonged to the men round Robert Lys and Mauch. Although he never had any money, he had travelled through the whole of Africa (not merely South Africa), and in 1877 also published *The Gold Regions of South-Eastern Africa*.

10. The Selati River gold-bearing district belongs, together with the Murchison Range, to the group usually known as Low Country Gold Fields (situate to the East of Pietersburg).

11. *Frederick P. Theophilus Struben* (1851-1931).

1851 14th June, born at Pietermaritzburg.

1870 Kimberley.

1883 December, first activities on Witwatersrand.

1884 11th February, purchase (through Harry (Hendrick) Struben) of Sterkfontein and Swartkrans farms from Mr. Jacoby; 6,847 acres for £2,800.

1st March, purchase from Dirk Geldenhuis of Wilgespruit, which as far back as 5th April 1882 had been mortgaged to Harry Struben.

4th March, formation of Sterkfontein Junction Syndicate, **the first Gold Mining Company on the Rand.**

18th September, Struben struck the Reef (Confidence Reef) - the 'Rand' was discovered.

1885 5th June, publication of the gold findings in Pretoria.

12th December, the 5-stamp battery, the first gold-crushing mill on the Rand, commenced work.

1886 22nd February, 61 oz. 11 dwt. of gold were delivered to the Standard Bank, Pretoria.

1888 retired from the Rand and took up his permanent residence in England, making only occasional visits to South Africa.

1931 7th September, died on his estate, Spitchwick Manor, Widecombe, South Devon.

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Hendrick Wilhelm Struben (1840-1915).

1840 9th October – the family at that time was still living at Cowes, Isle of Wight – he was born on his father's yacht during a cruise 'owing to circumstances over which I had no control' on the Lower Rhine.

1850 The Struben family moved to South Africa.

1883-86 *vide* Fred. Struben.

1890 Struben did not care for the new conditions on the Rand, he sold all his mining interests and moved to Rosebank, Cape Colony.

1915 19th October, death.

12. Sterkfontein, Swartkrans and Wilgespruit, see note 11 (year 1884).

13. In his detailed report of the 5th June 1885 Fred Struben laid stress upon the duty of the Government to foster and protect the mining interests. He considered that it would rest with the Government as to whether these resources were developed or smothered; *it would not be the fault of the soil*. He further stated that he intended working as many properties in his possession as he could manage at his own cost. 'He recommended those who could possibly manage it, to open up their properties, either individually, or else to get up small workable companies of moderate capital, to exploit their lands, so as to keep the money as much as possible in the country, and not to rush off with everything to speculators who would form gigantic unworkable companies on foreign capital; which it had now been proved (as in Lydenburg) did not pay dividends, and brought the country into discredit.'

Kruger in his reply thanked Struben 'for the exhibition of wealth of the country,' and assured him that he could 'depend upon the protection and assistance of the Government to those who endeavoured to develop the mining wealth of the State.' . . .

It was Kruger's historic mistake that he completely disregarded Struben's political and economic warnings and (this fact must be stressed again and again) forgot what it was that had saved the Transvaal from collapse.

The formation of the Mining Companies followed, and definitely in the early years and in the main they developed in a direction away from what Struben would have liked to see,

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and this is why he retired at an early stage from the industry which he had been one of the first to render possible.

14. A 5-stamp portable steam engine of 10 h.p. had been ordered from Messrs. Ransomes, Sims & Jefferies, Ltd., of Ipswich.

15. The *Crown Reef Gold Mining Co.* was formed in 1888 with a capital of £70,000, and came under the control of the Wernher Beit Group (see 'Beit,' note 13).

Witwatersrand Gold Mining Co. (commonly called *Knight's*) was founded in 1886 with a capital of £210,000; in the early days H. W. Struben was on its Board. Subsequently the Wernher Beit, Barnato and Farrar groups took an interest in it, and to-day it belongs to the Barnato Group. Henry Nourse is one of the Directors since 1886. During the boom the £1 shares stood at over £11, although the maiden dividend (30 per cent) was not paid till 1898.

KRUGER AND HIS FOREIGNERS

1. Froude, according to his own statement as a private man of letters, but in reality as the unaccredited envoy of the Colonial Secretary, Lord Carnarvon, undertook a study-tour through South Africa; his collected experiences found their expression in *Two Lectures on South Africa* (1880).

2. The Rand and its influence on the economic situation and on finances did not in any way lessen this anxiety; when a motion came before the Volksraad to proclaim as a public field the town lands of Pretoria – in order by this means to make it legally possible to prospect and to open mines, in case minerals should be found – Kruger intervened in the debate: 'Stop and think what you are doing before you throw fresh fields open. Look at Johannesburg. See what a trouble and expense it is to us (*sic!*). We have enough gold and enough gold-seekers in the country already. For all you know there may be another Witwatersrand at your feet.' Although Johannesburg may have been a trouble to Kruger – it certainly was not an expense. Apart from this misstatement, it is difficult to imagine a statement by a ruler of a State which is more in contradiction with political logic and with economic insight.

3. On the 5th June 1885 he made a full statement before the President and the Volksraad; see 'Trail-blazers, etc.,' note 13.

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4. Charles Dilke in his *Problems of Greater Britain* (1890) expressed this view in relation to the Uitlander problem in the Transvaal.

5. It is only possible within the scope of this book to deal with the complicated character of the Boer in so far as his mental and economic reaction to gold is concerned.

Out of the enormous mass of contemporary descriptions, that of Francis Younghusband (*South Africa of To-day*, 1899) seems to go to the core of the matter: 'Summing up the characteristics of the Boers, we may call them excellent pioneers, with marvellous powers of physical endurance; a brave, self-reliant people, with high military aptitude; peace-loving, yet ever ready to defend their independence; slow to move, but bitter and obstinate when roused; suspicious, but credulous, and sensitive to ridicule and criticism; genial, hospitable; . . . a large-hearted people, and, as a result of their stern life, possessed of a broad common sense not always attained by more highly-educated nations; yet at the same time a people who, from their tendency to shirk the competition of modern life and from the effect of their surroundings, have become indolent and devoid of any ambition beyond independence, ignorant, unprogressive, and in most important respects two centuries behind other European nations.'

Such are the people who control the destinies of the most promising new country in the world.'

6. The gold rush to Johannesburg was in its early phases hardly, if at all, different from any others, such as Ballarat (Australia) in 1851, and Klondike (Canada) in 1898. — Before me is a report of *The Times*, which states:

'As the headquarters of the new mining camp a small town has already sprung up on a spot where two months ago there was only a solitary log cabin. The little community is called . . . and boasts three grocery stores, three restaurants, two dry-goods stores, a combined barber's shop and pool room, and the . . . Bank of . . . is operating an improvised branch in a tent. A Presbyterian church has been established in a small shack, with a young minister in charge, and a Roman Catholic priest pays a weekly visit from . . . to say Mass. A bunkhouse accommodates 20 people sleeping in two tiers, but plans are being made for building a fully equipped hotel with 40 rooms.'

'Wonderful stories are coming from the new camp about the quick fortunes being made by prospectors. For example, one

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man who began prospecting last spring staked several claims which he is now reported to have sold for \$225,000 and 125,000 shares in a company formed to exploit the property.'

The report comes, not from the Johannesburg of 1886, but from Ottawa, and bears date the 24th September - 1934. History repeats itself.

7. Sir Charles Dilke, in *Problems of Greater Britain*: 'By some it is supposed that the enormous influx of Europeans to the Transvaal goldfields means a speedy overturning of Transvaal Government and a return to British Connection.'

W. Basil Worsfold in *Fortnightly Review*, February 1896: 'England . . . as paramount power, has the right and the duty of requiring that Transvaal shall be governed in such a manner as to promote, and not to check, the development of this chief source of the common prosperity.'

Quite apart from the enormous luck from the Transvaal that gold should be found there at all, the country had the additional good fortune that it was discovered - four years too late. If Struben or someone else had hit upon the gold-bearing reef prior to 1881, then - whether there was a Majuba Hill or not - the course of development would have been very different indeed.

8. Everyone was considered an Uitlander who belonged to any nationality except that of the Transvaal, irrespective of whether he was a national of the British Cape Colony or of England or of the Orange Free State or any other country. - Attention must be specially drawn to the fact that this was a matter of course, because surprise was often expressed, and it was made a cause for reproof, that Afrikanders from Cape Colony who did not speak a word of English, but only Dutch or Taal, should also have been treated as Uitlanders. Never has mutual language been a basis for political rights. It is therefore not very easy to understand why say Sir Percy Fitzpatrick, born in King William's Town, Cape Colony, or Sir Jos. B. Robinson, born at Cradock, Cape Colony, or the two Taylors from Natal - to quote but a few instances - should claim to have a different political status than those who were born in London or Paris, or should have a special grievance because they were looked upon and treated as Uitlanders.

9. The *French*, not averse from speculative enterprises, were present *on the Rand* in comparatively small numbers; this fact

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is due to historical causes; they had not been very numerous in Kimberley either, for the war which ended in 1871 had called for many sacrifices, and all their energies were required for reconstruction at home; the Gallic dash to take part in the new diamond industry was absent. As Johannesburg, at least until the days of the Boer War, was nothing but a reinforced continuation of Kimberley, the French were lacking on the Rand too. – There were hardly any among the engineers, and but few more among the Bank Managers. – French capital, on the other hand, was engaged in the Rand to a very great extent, and the boom of 1895 originated from Paris (see page 239 *sqq.*). The *Compagnie Française des Mines d'or et d'Exploitation* was a holding company and financed many mines.

Chief among the French must be mentioned George Rouliot (q.v.), a member of the Eckstein-Wernher-Beit group, also Duval, the manager of the Robinson Bank.

The gentler sex was more strongly represented, first in Kimberley, then on the Rand, but a passport office would probably have found that the cradle of many of these French ladies stood nearer the shores of the Vistula and the lower Danube than those of the Seine and Loire.

10. This cosmopolitan constitution had for the development of the Rand an advantage which it is difficult to over-estimate, that is that well-tried business methods and technical abilities from all countries were employed.

11. At the general meeting of De Beers (12th May 1888) Rhodes had said that after the amalgamation the diamond industry had become so great and powerful 'like a government in a government.' This phrase may well have caused considerable surprise in Pretoria.

12. For secession and seceders, see 'Lionel Phillips,' note 6.

13. It is to these undesired and undesirable immigrants that the song applies:

True Patriots all!
For be it understood,
You've left your country
For your country's good.

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SIR JOSEPH BENJAMIN ROBINSON, BART.

1840-1929

- 1840 Born at Cradock, Cape Colony.
- 1865 With a Burgher Commando of the Orange Free State in the Basuto War.
- 1867 Alluvial diggings, Vaal River.
- 1870 Kimberley.
- 1877 Married Elizabeth Rebecca Ferguson of Kimberley.
- 1880 Mayor of Kimberley.
- 1881 Represented Kimberley in the Cape Legislative Assembly.
- 1886 Rand.
- 1887 Robinson Gold Mining Company registered.
- 1888 (January) Langlaagte Estate registered.
- 1889 (April) Randfontein Estate registered.
- 1894 Formed in opposition to De Beers the Robinson Diamond Mining Company.
- Went to live in London.
- 1908 Created Baronet.
- 1922 22nd June, Lord Harris's Interpellation in House of Lords.
- 1923 Removal to South Africa.
- 1929 30th October, death.

1. See 'Lionel Phillips,' note 6.

2. Robinson's chief organs were *Press*, Pretoria, and *Transvaal Times*, Johannesburg, of which for a time Leo Weinthal was general manager. From his pen came a book, *Memories, Mines and Millions, being the Life of Sir Joseph B. Robinson* (1929), which is only mentioned as being typical of the biographies written to order, where facts are manipulated in such a manner that the subject emerges as half hero half angel. - In another connection Weinthal referred to his then still living employer as the 'Lord Rosebery of South Africa,' the reason for this description not being particularly obvious.

3. The *Robinson South African Banking Company* was one of the strange products of the boom year 1895.

Even before the prospectus had been issued, the shares were dealt at a premium, and subsequently the £4 shares were quoted at £11; shortly after the shares of the Robinson Mining Company, which at that time had no longer anything to do with its sponsor, had risen to £68 per £1 share, the purely fallacious

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connection sufficed to send the Banking shares to 275 per cent. In an article of the 17th August 1895, the *Economist* says of these and other Mining Banks: 'They are . . . essentially "blind pools." We do not use the phrase offensively, but the fact remains that the active bidding for the shares of these companies is based . . . partly upon rumours and conjectures of what they (the founders) have put into the companies as a basis of operation.'

The Robinson Bank differed from the Barnato Bank (see page 138) in that it had power under its Articles to carry on a Banking business, and in addition every imaginable kind of business; in this, and in this only, its Articles resembled those of De Beers. 'Its *raison d'être*,' however, wrote the *Economist* (14th Dec. 1895), 'is, of course, largely a speculative one, and doubtless a better word than "banking" might have been found.'

A reconstruction was necessary in 1903, and in 1905 the Company went into liquidation.

But all the same the Robinson Bank towered far and away above the Barnato Bank.

4. It was a misstatement on the part of Robinson when he said that, on the occasion of negotiations concerning the newly discovered Rand, he had in 1886 introduced Rhodes and Kruger to each other. As much as a year earlier Rhodes had gone to Pretoria to see Kruger in order to discuss the troubles in Bechuanaland.

5. Robinson maintained that his family had gone to South Africa in 1820 with the well-known '1820 Settlers,' but that the name had erroneously been entered as 'Robertson.' – Five years after Robinson's death, in 1934, Isobel E. Edwards' *The 1820 Settlers in South Africa* was published. This carefully compiled book also mentions a Robertson, but his party emigrated to – Canada, 'a Scottish party under Robertson from Callender . . . sailed for Canada' (page 47).

6. For details of this see page 157, where the subsequent events are fully dealt with.

7. As to the early history of the gold diggings on the Rand, see 'Trail-blazers and the Strubens.'

8. *Randfontein Estates Gold Mining Company*, one of the largest propositions in the world, and when formed (1889) was the largest of any individual undertakings on the Rand, employing nearly 20,000 men.

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The capital was £2,000,000 (of which £1,809,000 went to the vendors).

The payment of dividends did not begin till 1913, but nevertheless the shares stood in August 1893 at £7; at the beginning of 1895 they were quoted $\frac{7}{8}$, and by September (boom) had risen to £4 $\frac{3}{8}$. During the slump (in 1897) they fell to 1 $\frac{1}{16}$.

Since 1915 the Company (present capital £4,063,553) has been incorporated in the Barnato group. For dividends and further details, see 'Barnato,' note 8.

Langlaagte Estate & Gold Mining Company were formed in 1888 with a capital of £450,000.

During the ten and a half years ending 1899 the Company, which was one of the chief producers among the Witwatersrand mines, has distributed to its shareholders dividends amounting to 304 per cent. Down to that date the value of the output was £3,440,000, of which £1,150,000 was net profit; the story goes that the former owner (Oosthuizen) had bought the farm in exchange for a second-hand bullock wagon of the value of between £30 and £40.

The price of the shares, which in July 1893 had been only 2 $\frac{3}{4}$, had in January 1895 risen to 4 $\frac{5}{16}$, and reached its highest level in September at 7 $\frac{1}{4}$. Their lowest price during the slump was 2 $\frac{3}{4}$ (1898).

The first Board consisted of J. B. Robinson and Maurice Marcus,¹ Alfred Beit and Hermann Eckstein.

The Langlaagte (present capital £1,519,833) also belongs to-day to the Barnato group (see 'Barnato,' note 8).

9. *Robinson Gold Mine*, see 'Beit,' note 15.

10. Together with Eduard Lippert, Robinson made great difficulties in Rhodesia too, and it is even said that he was the moving spirit against Rhodes in the negotiations about Delagoa Bay.

11. The question related to an occurrence many years previously which had been much discussed as long ago as 1906: when Barnato Brothers had bought (1918) the Randfontein Estates from Robinson, it turned out that he had bought the freehold of certain mining properties for himself and had resold them at an enormous profit to the Company. At the instigation of Barnato Brothers the Randfontein Company started pro-

¹ *Maurice Marcus* was a partner of Robinson's going back to the Kimberley days, and was occasionally very shabbily treated by his senior colleague.

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ceedings against Robinson, who was condemned, on the ground stated, to pay the damages mentioned in the text.

For the proceedings in the House of Lords, see *House of Lords Reports*, V Series, Vol. L, page 1126 ff.

12. See page 24.

13. The Joseph B. Robinson Collection included such Masters as Rembrandt and Franz Hals, Gainsborough and Romney.

14. In the course of an action in the late nineties, Robinson's fortune was stated to amount to £12,000,000; but it is doubtful whether even in his palmiest days it reached that sum. What he actually left was much less, and was less than had been generally assumed.

BARNEY BARNATO

1852-97

1873 July, arrival in Kimberley.

1874 Together with his brother Henry started the firm of Barnato Brothers, which also opened offices in London in 1880.

Formation of the Barnato Diamond Mining Co.

1880 Formation of the Kimberley Central Diamond Mining Co.

1887 Stayed for a short time on the Rand.

1888 The great amalgamation of the Diamond Mines and formation of De Beers Consolidated Mines, Barnato being elected one of the Life Governors.

Member Legislative Assembly of the Cape Colony.

1888-89 Acquired gold-mining interests on a large scale on the Rand (see note 8).

1889 De Beers first Annual Meeting (19th July 1889); Barnato in the chair.

Permanently moves to the Rand.

Formation of the Johannesburg Consolidated Investment Co.

1895 September, height of the boom.

12th November, Barnato guest of honour at the Mansion House.

1897 2nd June, Barnato and his family embarked at Cape Town for England.

14th June, he jumped overboard.

19th June, funeral at Willesden (London) Cemetery.

BARNATO

Henry Barnato, 1850–1908.

- 1871 in Kimberley and began to deal in diamonds with one Van Praagh.
- 1873 Arrival in Kimberley of Barney Barnato: from this time on Henry Barnato dropped completely into the background.
- 1908 Died a very wealthy man; by his will he left £250,000 to charitable institutions 'in order to perpetuate the memory of my brother Barney Barnato and my nephew Woolf Joel.'

1. Louis Cohen himself derived no pleasure from his *Reminiscences of Kimberley and Johannesburg*. Barnato could no longer defend himself, for by the time the books appeared he had long been dead, and probably he would not have done so even if he had known of them. – Dr. Jameson, another of Cohen's victims, was much amused by the attacks, but Joseph B. Robinson, full of fight as usual, brought proceedings and obtained an injunction with unfortunate consequences for the author.

If Barnato had been in the very least like the portrait drawn of him by Cohen, he could never have achieved what he did.

2. The London office of Barnato Brothers was opened in 1880.

3. It is said that on many occasions he earned as much as £1,500 a week.

4. For the formation of the Barnato diamond interests see chapter 'On the Way to Amalgamation,' page 46.

5. The negotiations which preceded the amalgamation of the diamond mines, and the formation of De Beers are dealt with in the chapters 'On the Way to Amalgamation' and 'Amalgamation.'

6. Harry Raymond is the author of *B. I. Barnato – a Memoir*, which appeared in 1897.

7. At first Barnato had toyed with the thoroughly amateur idea of taking an interest in every undertaking and business on the Rand; fortunately he dropped the plan, or else well-meaning friends were able to make him change his mind.

8. About the turn of the year 1888–89 Barnato made considerable purchases in Moss Rose and Primrose, which he united in the (New) Primrose Gold Mining Company; this was his first flotation on the Rand.

To the New Primrose were added New Croesus, Roodeport Gold Mining Co. and Glencairn Main Reef Gold Mining Co., and in other directions the Johannesburg Water Co. and

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Johannesburg Exchange & Chambers Co. (see note 12). These undertakings formed the first foundation of the *Barnato Concern*. When by 1892 this had been considerably extended, Barnato was sufficiently prudent and far-sighted to retain the best mining engineers and to give them instructions to examine all the mines most carefully and if necessary to reconstruct them. John Hays Hammond (q.v.) (but he soon afterwards joined Rhodes), J. V. Clement, O'Connor Starr all entered the service of the group.

To-day the interests of the Concern are in the main identical with those of the Johannesburg Consolidated Investment Company, founded by Barnato in 1889, which originally had a capital of £175,000 and was a land company. To-day it is a holding company with a capital of £4,500,000, one of the strongest finance companies in South Africa. The Johannesburg Consolidated Investment Co. at present controls mines of such importance as Van Ryn Deep, Randfontein Estates, Langlaagte Estates, Witwatersrand Gold Mining Co., Government Gold Mining Areas and New State Areas; it occupies a high position in the Diamond Syndicate, and the interests of the Company have spread to copper, coal, platinum, chemical works, hotels and other departments.

The strength of the group – and at the same time the productiveness of individual mines in general – is seen from the following table, which shows how excellently well, but in some cases only, the shareholders have come off.

	Floated	Years in operation to 1934	Dividend to shareholders per cent	Average per annum per cent
Van Ryn Deep . . .	1902	32	857·50	26·80
Langlaagte Estates . .	1888	46	809	17·60
Randfontein Estates (a)	1889	45	72·50	1·60
Witwatersrand Gold (Knight's) . . .	1886	48	727·50	15·15
Government Gold Areas (b) . . .	1910	24	1,275	53·12
New State Areas . . .	1918	16	178·75	11·17

(a) Randfontein Estate, formed in 1889, paid its first dividend after 24 years, in 1913. From 1916 to 1923 and from 1926 to 1931 the dividend was again passed. Randfontein Estate and Langlaagte Estates did not come into the hands of the Johannesburg Consolidated Investment Co. till 1918; previously to that they belonged to the Robinson Group.

(b) Government Gold Areas (see page 150) searched in vain for gold for seven years, and the maiden dividend of 12½ per cent was not distributed till 1917, but after that it amply made up for the delay.

BARNATO

9. Barnato Buildings were a business house on a large scale, with offices, shops, a great Stock Exchange hall (see page 141), and a market hall 350 feet long.

10. Barney Barnato first met his wife, 'a most able, accomplished and clever woman,' in 1874. Not till nearly twenty years later three children were born in rapid succession:

1893 Leah Primrose – named after his mother and his first Rand Company – at 28, Park Lane;

1894 Isaac Henry Woolf – whom his father had the quaint idea of naming Ladas after Lord Rosebery's Derby winner of that year – at 36, Curzon Street;

1895 Woolf Joel (see 'The Joels,' note 1) at Spencer House, St. James's Place.

For every confinement Barnato (saying, 'I take no risks') went with his wife to London.

11. The *Barnato Bank, Mining & Estate Company* was formed with a capital of £2,500,000.

A similar undertaking, rendered possible only in an age of speculation which had lost all sense of proportion, was the *Banque de l'Afrique du Sud*; according to its programme it was not to confine itself to buying concessions and forming mining companies, but it was also going to supply investors with information and carry out their orders. It was formed with the intention of introducing South African mining shares on the Bourse in Paris. After two years of very bad business a scheme of amalgamation was considered, but came to nothing, and in the fourth year of its existence the first and only dividend at the rate of 4 per cent was paid; a year later, in 1900, it was decided to wind up. The assets, however, which had been acquired during the course of the five years were so sticky and so difficult to realise that it took seven years to dispose of them.

On a higher level stood the Robinson South African Banking Co., which was not wound up till 1905. (See 'Robinson,' note 3.)

12. The first *Stock Exchange in Johannesburg* was opened in June 1887 with 122 members; it was the property and under the control of the Johannesburg Exchange & Chambers Company in which Barnato acquired a majority holding in 1888. A new Stock Exchange was opened in 1890.

The first dealings on the Johannesburg Stock Exchange took

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place in June 1887 (in November 1887 there were in existence 68 Companies with a total nominal capital of £3,000,000). In July and August 1888 a strong upward movement set in, which developed in November 1888 into the first boom, lasting till January 1889. In March quotations began to drop rapidly, and by the autumn the panic had arrived.

13. Sentence was pronounced on the 24th April 1896.

14. The announcement dated 28th April 1896 was as follows: 'Sale of valuable Landed Properties. Preliminary Notice. Notice is hereby given that all our landed properties in this State will be sold by public auction on Monday, 18th May 1896. Barnato Brothers.' Similar proclamations by the Johannesburg Consolidated Investment Co. and the Barnato Bank & Mining Estates were dated the 29th April 1896.

15. In his last years he had rented Spencer House, St. James's Square; he did not live to see the completion of his own palatial house in Park Lane.

16. 'The accessions of delirium became more frequent.'

17. Clifford received a honorarium of £200 provided by a collection, at the head of the list standing a newspaper, the *African Review*.

18. It really does not at all fit in with Barnato's character that in his will he made no provision for charitable gifts, for he was very generous, always had an open hand, but his generous gifts to charity were, like everything else about him, without any system. - A ward in the hospital run by Dr. Sauer was endowed by him on the occasion of its opening in 1888.

19. See 'The Joels,' note 1.

20. His share would have been a quarter of £120,000, that is £30,000 (see page 261).

THE JOELS

1. Captain Woolf Barnato (born 1895), the second son of Barney (Isaac Henry Woolf, born 1894, joined the Great War in the Air Force, distinguished himself by flying over Constantinople and later was killed), was never a member of the firm of Barnato Brothers, and in consequence of the will of his father, under which the share in the business passed to the remaining partners, the nephews, he did not for a long time know whether he had in fact any claims on the firm. On the

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advice and suggestion of his legal advisers he asked the heirs of the business for an account, which was refused with reference to the will; this view, however, was considerably modified subsequently. Woolf Barnato asserted his claims, an inspection of the books was ordered, and at this stage the parties came to an agreement.

2. Kate Barnato, the wife of Joel Joel, had three sons,
Woolf Joel,
Solomon (Solly) Barnato Joel, and
Jack Barnato Joel.

3. Sir Percy Fitzpatrick left papers which may provide an explanation of Veltheim and his career; but G. H. Wilson, the editor of Fitzpatrick's *Memoirs*, stated as late as a generation after the events, in 1932, that 'the story cannot yet be told in all its details.'

4. *Harold Fairbrother Strange* (1861-1911) subsequently occupied a very prominent position in business and public affairs in the Transvaal. From 1896 on he was the manager of the Johannesburg Consolidated Investment Company; he had been a member of the Reform Committee, and with the others had been sentenced to two years' imprisonment. From 1900-01 he served on Lord Milner's Consultative Committee at Capetown, and in 1904 was elected President of the Chamber of Mines. After the centre of gravity of Barnato Brothers had been transferred to London, he represented their interests on the Rand, and was a member of the Board, and in most cases Chairman, of all the Barnato mining companies.

5. Woolf Joel's funeral took place in London on 17th April 1898. Joel's share in the partnership was without doubt smaller than that of Barney, and yet his estate exceeded that of the senior partner by £1,200,000; in March 1898 the prices of the leading mining shares were, if anything, rather lower than in June 1897. Woolf Joel must therefore have had considerably smaller speculative commitments than his uncle, or they must have been on the opposite side.

6. Lieutenant-Colonel *Solomon Barnato Joel*, J.P., 1865-1931.
1902 Flotation of Van Ryn Deep.
1910 Flotation of Government Gold Areas.
1918 Flotation of New State Areas.
Langlaagte Estate and Randfontein Estate taken over from the Robinson concern.

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7. *William Heyward Rogers*, 1845-1906, was born in Capetown, went to Kimberley in the early seventies, and there founded with his brother Henry (who died in 1905) the firm of Rogers & Brother. He was held in high esteem in the digger community, and subsequently in the town, became a member of the Town Council in 1884 and soon after Mayor. On behalf of a Kimberley syndicate he went to the Rand in its earliest days and at first had business relations with H. Eckstein & Co. He represented Barnato Brothers on many Boards, and the firm found him invaluable in every respect.

8. *George Imroth*, a nephew of Anton Duenkelsbuehler, is one of the pioneers of Kimberley; he knows mining technique inside out, and by reason of his great experience ranks high among the experts.

9. In 1894 S. B. Joel announced from Johannesburg in London 'that the house of Barnato was behind the Empire enterprise' in order to ensure a continuous flow of vaudeville artists to South Africa.

10. Jack Barnato (J. B.) Joel, J.P., was born in 1862; he stands now at the head of the firm.

11. In 1915 Pommern won for S. B. Joel the race which during the war years replaced the Derby. J. B. Joel was luckier, and won the blue ribbon on Epsom Downs in 1911 with Sunstar and in 1921 with Humorist.

Sidney Galtree, in his *Memoirs of a Racing Journalist* (1934), gives an amusing picture of the two brothers on the racecourse when one of their horses was running. 'Mr. Jack Joel perspires and grows pale. The late Mr. Solly Joel had no experience of the kind vouchsafed him at Epsom, desperately hard though he tried, but elsewhere, with the occasion big, his pleasure took the form of a dripping perspiration, however cool the occasion.'

(As to New State Areas and all the mines here mentioned, see 'Barney Barnato,' note 8.)

ALFRED BEIT

1853-1906

1853 15th February, born at Hamburg, education and commercial training there.

1874 In the diamond trade at Amsterdam.

BEIT

- 1875 Arrival in Kimberley; 1876, diamond buyer for D. Lippert & Co. (until 1878).
- 1878 Made himself independent.
- 1879 Beginning of his relations with Rhodes.
- 1880 Joins Julius Wernher, agent for Jules Porges & Co.
- 1881 September, beginning of slump in diamond shares.
- 1884 Sole representative for Jules Porges & Co., in Kimberley.
- 1886 July, first interested in the Rand.
- 1888 Formation of De Beers Consolidated Mines. Establishment of H. Eckstein & Co., Johannesburg.
July, Beit joined Porges and Wernher, London.
- 1889 Grant of charter to British S.A. Company.
- 1890 1 January, establishment of Wernher Beit & Co., London.
Journey to Rhodesia.
- 1893 Rand Mines floated.
- 1895 September, height of the great boom.
17th December, Beit's arrival in Capetown.
29th December, Dr. Jameson starts on his Raid.
- 1896 Resignation from the Board of the Chartered Company.
Matabele Rising.
- 1897 January Committee of Inquiry began its sittings.
- 1899-1902 Boer War.
- 1902 Death of Cecil Rhodes.
- 1904 Return to the Board of the Chartered Company.
- 1905 Vice-President of the Chartered Company.
Journey to Rhodesia during which he had a stroke.
- 1906 13th July, death.

Beit died a very rich man, his estate probably amounting to not much under ten million pounds. In his last will, elaborate as a State document, the main bequests alone amounted to £2,000,000, among these £1,200,000 to a Beit Railway Trust for the construction of S.A. Railways.

The *Wernher-Beit Group* was by far the greatest combine on the Rand. In the year 1908, for instance, 39 per cent of the total output of gold came from mines belonging to them, but their contribution to the dividends paid for that year amounted to 50 per cent.

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The Mines belonging to this leading house were:

Under Central Administration (*inter alia*):

Bantjes Consolidated Mines.

*City Deep.

Ferreira (see note 14).

French Rand.

*Glynn's Lydenburg (see 'Gleam of Gold,' note 8).

*Modderfontein B.

New Heriot.

City & Suburban.

Robinson Gold Mining (see note 15).

*Transvaal Gold Mining Estate (see 'Gleam of Gold,' note 8).

Village Main Reef.

Village Deep.

*New Modderfontein.

and the Rand Mines Subsidiaries (see 'Corner House,' note 6) (*inter alia*):

*Crown Mines (see note 13).

*Durban-Roodeport Deep.

*Geldenhuis Deep.

*Nourse Mines (see 'Trail-blazers,' note 5).

Ferreira Deep.

*Rose Deep.

The chief undertakings to-day of the Central Mining Investment Corporation, which took over the gold-mining interests of Wernher Beit & Co., are the above-named mines marked with '*', to which must be added:

Consolidated Main Reef.

East Rand Proprietary (see 'The Big Ten,' note 5).

Modderfontein East.

1. Sir James Molteno (in *Dominion of Afrikanerdom*) was mistaken here; Beit was the best known of the Randlords, but the wealthiest was his partner Wernher.

2. Henry Robinow (q.v.) was subsequently a member of the Board of De Beers.

3. Immediately after Beit's death Frank Harris published in *John Bull* (July 1906) an interview with the late financier, which, in addition to many apt observations, contains a number of errors and impossibilities.

4. The three brothers Lippert – see ‘What is Truth?’ note 26.
5. Of Beit’s earliest purchases the most valuable were the claims of Baxter’s Gully in the De Beers Mine.
6. Beit’s spirit of enterprise and leaning towards speculation was balanced by his partner Wernher; see page 171 *sqq.*
7. Gardner Williams says of the collaboration between Beit and Rhodes: ‘The great initiative and business abilities of Mr. Beit were heartily recognised by Rhodes . . . Beit was largely instrumental in building up the diamond mining industries, and in bringing the dreams of Rhodes into practical shape and on business lines.’

This was written in 1902; but twenty-two years later (1924) Lionel Phillips was obliged to state that ‘the great and I think decisive part played by Beit on the diamond fields, and in a very wide sphere besides, has never been adequately appreciated or recognised.’

8. The part played by Jules Porges & Co. in diamond ventures, and the transfer of the business of that firm to Wernher Beit & Co., are described in the chapter ‘Wernher.’

9. William P. Taylor’s brother James B. Taylor was a partner in the firm of H. Eckstein & Co., and later in Wernher Beit & Co.; see the chapter ‘The Corner House.’

10. In order to give Robinson the chance to recover, a guarantee of £82,000 had to be given to the bank of the Cape of Good Hope, and this Beit provided. Any surplus which might be left from the liquidation of Robinson’s assets was to be divided between the two parties equally.

Thanks to the giving of the guarantee to the bank Robinson was solvent, but had no capital to make his exploration trip to the new goldfields possible. For this purpose Beit put out of his own pocket a further £25,000 at Robinson’s disposal, so that his first stake amounted to £107,000.

The final settlement of restoring Robinson to a sound financial position showed enormously high profits, which Beit made over to his firm.

11. Robinson was to collaborate on the Rand with William P. Taylor who had sent Beit the first samples (see page 156), but did not do so; he further kept back from Taylor the share due to him from the business done.

In all, Robinson at that time spent £26,000 in securing options and in actual purchases; it has been estimated that

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a very few years later the value of these properties had increased to £18,000,000.

12. *Langlaagte Estate Gold Mining Co.* (see 'Robinson,' note 8, and 'Barnato,' note 8).

13. *Crown Reef Gold Mining Co.* was originally (1888) floated with a capital of £70,000, and became merged in the present Crown Mines, whose capital amounts to £1,000,000, formed through the amalgamation (1909) of Crown Deep, Robinson Central Deep, Langlaagte Deep, various other ventures, and the Crown Reef.

The Crown Reef, one of the richest mines on the Rand, attained its highest price not during the boom (about £13) but in 1899 when it rose to £20, after having paid a dividend of 240 per cent in 1898; in the eleven years from 1888 to 1899 a total dividend was distributed of 979 per cent – an average of 89 per cent per annum.

Its first Board included H. W. Struben, Dirk Geldenhuis and R. O. G. Lys (all q.v.), but with the exception of Lys, who managed the mine for some considerable time, they all very soon dropped out.

14. *Ferreira Gold Mining Co.* Work in this mine, named after Colonel Ferreira (see 'Trail-blazers,' note 5), began in 1887 with the modest capital of £12,000.

The early years brought many disappointments, and it was impossible to make any distribution till 1891; but with the first dividend payments – from July 1891 to July 1892, 175 per cent were declared – the mine at once stepped into the ranks of the biggest dividend payers, and by 1899 it had distributed 1915 per cent – an average of 146·8 per cent per annum.

Their top price was £27 in 1898; during the boom they stood at 'only' 22, nor did they during the subsequent slump ever fall below 14½.

15. *Robinson Gold Mining Co.* Formed in 1887 on the former de Villiers property with £50,000, the initial capital was not too large; when the £1 shares had risen to £68, the shareholders received for every existing share held 10 new shares of the nominal value of £5 each, and so the capital was written up (from £55,000) to £2,750,000 without one penny of new capital coming into the coffers of the Company as the result of this transaction.

It goes without saying that the dividends on this enormous

capital could not be so high as in the case of other mines, and up to 1899 the total distribution amounted to 109 per cent (which, however, equals a distribution of 1090 per cent on a mine with a capital of £275,000). During the boom the £5 shares rose to £11½, nor did they during the slump fall below £6. Actually the Robinson Mine was the premier mine on the Rand, and as regards acreage in all probability the greatest.

The Consulting Engineer of the Robinson Mine was Hannen Jennings (see 'Lionel Phillips,' note 4) and its general manager was Thomas Mein, a man who had gained vast experience in Alaska, and to whom the Rand owes much (American Engineers, see 'Rhodes,' note 9). Thomas Mein's son William was subsequently manager of the Crown Mine for a time.

16. Adolf Goerz and George von Siemens (see 'The Big Ten').

17. £150,000,000 (see 'Wernher,' note 6).

18. It is very interesting to compare Hamilton Smith's report and his forecast of 1895 with the actual course of the development.

Smith reported: 'Judging from the present appearances, the *maximum* product of the Rand will be reached about the end of this century, when it will probably exceed £12,500,000 per annum.' In fact, however, the value of the output had in 1897, only two years later, risen to £10,580,000, and in 1898 to £15,140,000. The maximum was reached, not at the end of the century, but in 1932 with £46,671,258 (without reckoning the premium on gold).

A further opinion of Hamilton Smith was to the effect that 'the Rand will in every probability continue to increase its yield for at least five or six years to come,' so that Smith mightily undervalued the Rand; during the roughly forty years from 1895 till now the Rand has continuously increased its output.

The total value of the gold on the Rand was estimated by Smith at £325,000,000, by Theodor Reunert at £450,000,000; the former estimate was exceeded in 1912 with an output up to that date of £347,000,000, the second in 1915. **Altogether gold has been produced, down to 1934 inclusive, to the value of about £1,225,700,000.**

(Hamilton Smith wrote lengthy articles in *The Times* of the 17th January 1893 and 17th February 1895.)

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19. From the very start the *supply of labour* was one of the most difficult problems on the Rand, and it reached its highest point, politically too, in 1904-5 through the importation of *Chinese Labour*.

There is no doubt that after the Boer War there was an actual labour shortage, which was estimated at 130,000 men. In spite of considerable hesitation an attempt was made with coolies, and by January 1907 54,000 of them had found work. Sir George Farrar was foremost in advocating their employment, and Lord Milner was blamed for having given in too quickly.

In England the opposition to their importation was so strong ('Chinese Slavery') that Balfour's Ministry was defeated on the question in 1906.

The last Chinese Coolie left the Transvaal in 1910.

20. In his house at 26 Park Lane, which had been built in 1895 by Eustace Balfour, Beit brought together a collection of works of art which included paintings by Murillo, Hoppner and Romney. A statuette of Sansovino he left to his partner Wernher.

21. One of the earliest and most important collaborators in the young Wernher Beit concern was *Sir Max Michaelis*, K.C.M.G., LL.D. He had come to the diamond fields in 1878 and in a short time had risen to be a partner of S. Neumann. When in 1890 the juniors in Jules Porges & Co. formed the new firm of Wernher Beit & Co., they secured the further assistance of Michaelis, who had been a partner since 1880 and had with great financial skill reorganised the Cape Diamond Company. His active collaboration did not last particularly long, and as early as the beginning of the century, when the Rand was well under way, he severed his official connection with the firm, but continued to participate in individual big transactions. - With an endowment of £20,000 Sir Max founded the School of Fine Arts named after him, and his excellent collection of paintings, including works by Rembrandt, Franz Hals and Van Dyck, which at the instigation of Lady Phillips he bequeathed to the Municipal Art Gallery at Johannesburg, occupies pride of place there. - In his later years Sir Max Michaelis, who died on 26th January 1932, lived at Tandridge, Surrey, and as a hobby took up farming and the breeding of Shire horses.

BEIT

Louis Julius Reyersbach, 1850–1927, was a diamond expert by profession and a generally recognised authority. He went to Wernher Beit & Co. in 1891, and represented their interests in Kimberley from 1894 to 1900. Then he moved to Johannesburg and managed the gold-mining business; under his leadership the planning system was brought into practical use by H. Eckstein & Co., and the largest amalgamation carried through by him was that of the Crown Mines (see note 13). In 1907 he was for a year President of the Chamber of Mines. He joined the firm of L. Breitmeyer & Co. (q.v.) in 1914, and at his instigation that firm announced its secession from the Diamond Buying Syndicate; his prediction as to the further development of the diamond business has come true in every respect.

Charles Ernest Rube, 1852–1914, came to Kimberley in 1876, and for a time was Manager of the French Company; in this way he came into touch with Wernher Beit & Co., and joined them.

Other partners in Wernher Beit & Co. were Ludwig Breitmeyer (see 'Werner,' note 7), James B. Taylor (see 'The Corner House'), and Ludwig August Wagner (1852–1925).

22. Amongst the vast number of people whom Beit met on this expedition was Lord Randolph Churchill, who in *Men, Mines and Animals* (1892) gives a detailed account of his extensive journey, during the course of which he spent some time with (Sir) Abe Bailey at Clewer Lodge. Churchill had acquired some financial interests on the Rand, and the Mine in which he took a share had the promising name of 'Matchless' (but in spite of its fine name it is not to be found in a reference book bearing the date 1892).

23. *Dr. Rutherford Harris*, a cousin of Lord Harris (q.v.), was also a great cricketer and a mighty sportsman in every field. At the age of 26 he had settled down at Kimberley as doctor, belonged to the intimates of Rhodes whose complete confidence he enjoyed, and became Secretary of the Chartered Company. Harris was considered to be very clever and enormously capable, but difficult to get on with, and was looked upon as an intriguer.

After the Raid, Rutherford Harris 'allowed himself to be betrayed into an act of deception,' and this was the end of his career. He paid heavily for his mistake; elected M.P. as

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Unionist in 1900, he was unseated on petition. He then completely disappeared from the scene and died in 1920.

(Light is thrown on Rutherford Harris's disastrous activities before, during and after the Raid from a hitherto entirely unknown source in J. L. Garvin's third volume of the *Life of Joseph Chamberlain*, which appeared towards the end of 1934.)

24. The complete text of the telegram to Rutherford Harris is as follows: 'Dr. Jameson back from Johannesburg. Everything right. My judgment it is certainty. We think A. Beit must come with you November 29th on score of health. You will be just in time. A. Beit to stay with me here and go up with us and the governor.' Then follows the part given in the book referring to Phillips, and then the close: 'inform A. Beit from me he must come. C. J. Rhodes.' This was not a request, but sounded more like an order, and not to come after this would have involved almost the same imponderable mass of responsibility as it was compromising to go.

Beit went.

25. It is at this cottage at Muizenberg (and not at Groote Schur) that Cecil Rhodes died on 26th March 1902.

26. In Labouchere's draft, regret was expressed that the Inquiry could not have been sufficiently thorough, as 'in many instances witnesses refused to answer questions that the Committee considered might properly be put to them.' Labouchere's report culminated in the accusing statement: 'Your Committee is, however, of the opinion that they (Rhodes and Beit) merit severe punishment. Mr. Rhodes is a Privy Councillor, he was a Cape Premier, and he was the autocrat of Rhodesia when the conspiracy that your Committee has investigated was in preparation, and when it was sought to carry it out. He deceived his Sovereign, the Secretary of State for the Colonies, the High Commissioner of South Africa, the Governor of the Cape Colony, his colleagues in the Cape Cabinet, the Board of the Chartered Company, and the very persons whom he used as his instruments in his nefarious designs; and he abused the high positions which he held by engaging in a conspiracy, in the success of which his own pecuniary interests were largely involved, thus inflicting a slur on the hitherto unblemished honour of our public men at home and in our Colonies.'

His last paragraph is given in the text.

BEIT

In this connection it is interesting to mention that Labouchere was one of the very few who, long before the outbreak of the Boer War, estimated the cost of such a struggle correctly, and when in the House he mentioned a hundred millions, 'a burst of laughter and ironical cheering greeted the statement.'

Labouchere's view was shared by Wolseley and - Sammy Marks (see page 210).

27. As is shown by his description before the Commission of Inquiry, as late as 1897 Alfred Beit was German. His last will begins with the words, 'I desire to record the fact that I am a naturalised British subject living in England where I am and intend to remain domiciled.' So it seems that it was not until after 1897 that Beit acquired British citizenship, but it may be assumed that he had already done so by 1905 when he was elected Vice-President of the Chartered Company.

28. *James Rochfort Maguire*, 1855-1925, the former All Souls Don, who had been elected a Fellow immediately after he graduated, belonged to Rhodes's Oxford intimates. Together with Rudd he had received from Lo Bengula the concessions which made the foundation of the Chartered Company possible, and he was a member of the Board of that Company from the start.

Rhodes thought a great deal of Maguire, 'the most sensible and reasonable man I ever met,' and he was the only one to whom in 1895 Rhodes gave his full confidence. He was almost continuously at the great man's side, accompanied him on most of his journeys, and together with his wife (see below) he went through the siege of Kimberley.

Maguire was connected with all Rhodes's undertakings; but his main activities lay in the South African Railways belonging to Rhodes's ventures; at the time of his death he had 2,000 miles under his control - from Vryburg in the south of Bechuanaland up to the borders of the Congo, and from the Rhodesian border via Buluwayo and Salisbury to the Portuguese Beira. £15,000,000 of British capital are invested in these railways, and under Maguire's management all the railways developed into prosperous and profit-earning concerns.

Maguire's wife was a daughter of Speaker Peel (subsequently first Viscount), whose other daughter married Charles Sydney

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Goldmann (see 'The Big Ten'), a partner in S. Neumann & Co.

Maguire retained his love of sport right through his life, and was an authority on all matters relating to the Turf.

29. Beit may well be allowed to have this – belated – recognition, for 'he was the target through life for much undeserved abuse' (C. W. Boyd in *Dictionary of National Biography*).

30. For details of the Lemoine swindle, see page 173.

31. Alfred Beit died at Tewin Waters on 13th July 1906.

32. On Beit's death Edmund Garrett, the editor of the *Cape Times*, well known also as poet and the author of several valuable books, wrote the following lines:

A MILLIONAIRE'S EPITAPH

He gave by stealth, nor rose a new made Knight,
He worked for England to be dubbed 'Herr Beit.'
The friends he loved, he served through good and ill,
The man struck down, he served the memory still;
Nor, toiling, asked more recompense of fame
Than to be coupled with another's name.
Thus, in despite of that hard Scripture which
Shuts up the poor man's heaven against the rich,
Devotion learned from Dives to be true,
And Britons to be patriots from a Jew.
A monument which envy cannot shake,
Which millions never made, nor can unmake.

A monument was erected to Alfred Beit in the Library Gardens at Kimberley.

In Johannesburg a street is named after him (and the directory of that town contains a 'Beit' Fisheries and a 'Beit' news-agency).

SIR JULIUS WERNHER, BART.

1850-1912

1850 Born in Darmstadt, where his father, General Wernher, lived. Commercial training in Frankfort-on-Main.

1870 In London to learn banking.

1870-71 Took part in the Franco-Prussian War.

1871 With Jules Porges in Paris; sent by him as representative of his interests and buyer of diamonds to Kimberley.

WERNHER

- 1884 Wernher and Porges in London (Jules Porges & Co.), dealing in diamonds and diamond shares, after 1888 also in gold shares. – The firm's sole representative in Kimberley was Alfred Beit.
- 1888 (July) Alfred Beit joined Jules Porges & Co. in London.
- 1890 Porges retired from active business, the latter taken over by Wernher and Beit, and the firm of Wernher Beit & Co. founded.
- 1898–1908 Life Governor of De Beers (see page 261).
- 1903 Back in South Africa for the first time since 1888.
- 1905 Created Baronet.
- 1906 Lemoine swindle.
- 1912 Death and funeral in East Hyde, a hamlet bordering on his estate at Luton Hoo.

Among the pall-bearers were the venerable Sir Algernon West, Sir Starr (Dr.) Jameson and Jules Porges. On the day of the funeral the banks and the Stock Exchange in Johannesburg were closed as a mark of respect.

Wernher, the steadiest and least speculative of all Rand magnates, characteristically left the largest fortune of them all; it amounted to somewhere about 12 million sterling.

The present baronet, Sir Dereck (born 1889), lives in America. The second son (born 1893), Sir Harold, married in 1917 Lady Anastasia Zia Torby, daughter of the Grand Duke Michael and the Countess Torby.

1. The various interests of *Jules Porges & Co.* extended at the start to Companies in the whole of the four Kimberley Mines – De Beers, Bultfontein, Dutoitspan and Kimberley Mine; later on they were confined mainly to the Kimberley Mine, and by the time that they had collected sufficiently large interests into their own hands, they formed their own Company, which in 1880 took the name of *Compagnie Française de Diamant du Cap de Bonne Espérance*, and was called for short the French Company (q.v.). It played a decisive part in the great amalgamation.

2. *Jules Porges* survived both his former partners and the greater part of the business generation following; he died at a venerable age in September 1921.

For a time Joseph B. Robinson watched over the interests

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of Jules Porges on the Rand; the Porges Randfontein Gold Mining Company, formed in 1895, was one of the flotations of this short-lived association; the shares rose in the boom year of 1895 to 3½, subsequently declined in 1898 to £¾ (see also 'The Boom,' note 13).

3. In their appearance also the partners were utterly different; Wernher was tall and big, imposing and calm – Beit short and insignificant, frequently embarrassed and mostly in nervous haste.

In regard to the conduct of their business it is difficult to imagine a greater contrast. 'Beit had intuition and dash, faith and imagination, the qualities without which nothing great is ever done; Wernher had sagacity and prudence, solidity in keeping with his physically massive frame, and a salutary sense of the immediate difficulties, which awaited them in any course of action and of which his partner in his enthusiasm was sometimes apt to be oblivious.'

4. As to the De Beers Life Governorships, see 'Amalgamation,' note 13.

5. One of those present when Wernher inspected the De Beers Mine told me that it was absolutely 'miraculous' how he found his way about; at one spot he did not know which way to turn, but refused all assistance, and after short reflection found the right road.

6. This estimate was made by a partner in H. Eckstein & Co., Sir Percy Fitzpatrick, on page 158 of his *South African Memories*: 'The reputation and status of the firm (of Wernher Beit & Co.), and its relations with great investors in Europe, were such that immense funds were under its control, very largely through the great number of leading companies entirely controlled by it. I cannot state what this may have amounted to from time to time, but there were certainly times when a capitalisation of £150,000,000 would not have been excessive.'

7. *Ludwig Breitmeyer* (died 1930) was, before he went to Wernher Beit & Co., working for the diamond firm of J. Pam & Co. Just as a connoisseur of wines can distinguish the growth and year of a vintage, so Breitmeyer knew exactly from which mine, and even from which part of the mine, an uncut stone came.

After the dissolution of Wernher Beit & Co., the partners and diamond men came together again in the firm of L. Breit-

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meyer & Co. Other partners in that firm were Sir Lionel Phillips (q.v.), Sir Frederick Eckstein (q.v.), Louis Reyersbach (q.v.), and Friedrich Hirschhorn (q.v.).

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1. *Hermann Eckstein*, 1849-93. Born at Stuttgart, son of a Lutheran pastor.

1882 Manager Phoenix Company at Dutoitspan.

1884 With Wernher and Beit in the firm of Jules Porges & Co., Kimberley.

1886 At the De Kaap Goldfields, Barberton, then in Johannesburg.

1888 Head of H. Eckstein & Co., Johannesburg.

1889 First President of Chamber of Mines.

1890 Re-elected as President.

1891 " " "

1892 Left Johannesburg on account of illness.

1893 Died in Stuttgart.

The Chamber of Mines honoured the memory of its first President by placing his portrait in the Council Room.

The great Park (210 acres) which the firm of Wernher Beit & Co. gave to the town of Johannesburg, and which to-day contains the Zoological Gardens, received, in grateful memory, the name of Hermann Eckstein Park (The Frankenwald is a personal gift of Alfred Beit).

Eckstein had a special preference for German names; his firm had purchased the farm Braamfontein, which, as regards mineral riches, did not come up to expectations; on this Eckstein laid out a timber plantation in order to be independent of the difficult and expensive transport of timber, and gave it the name of 'Sachsenwald.' - The country house in which Sir Lionel Phillips lived, Eckstein had in memory of his Suabian home called 'Hohenheim.' - Subsequently Sir Otto Beit, Bart., a brother of Alfred, bought this estate and converted it into a convalescent home.

2. *Sir Frederick Eckstein, Bart.*, 1857-1930. A younger brother of Hermann, had been in India before coming to the Rand. Cautious rather than enterprising, and entirely outside politics -

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he had nothing whatever to do with the Rand personally – he played a great part in the firm, and at the beginning of the present century was summoned to London as a partner in the principal firm. On the Rand he was very popular, and his departure was universally regretted.

As successor of Sir Julius Wernher he was from 1912 till the autumn of 1914 (the beginning of the war) at the head of the Central Mining and Investment Corporation, but owing to his being German born he then had to resign the post (see 'Lionel Phillips,' page 203).

After the Great War he sold a large part of his South African interests and concentrated on the Sudan and cotton-growing there, and placed his influence, his experience and his large means at the service of that country and his enterprises there; every year he visited the Nile countries and personally examined into the progress made.

In recognition of his work in the development of cotton for the benefit of Lancashire Industries he was made a Baronet in 1929.

Sir Frederick died a wealthy man in 1930. His son Bernard, the present Baronet, devotes himself exclusively to the Sudan.

3. The succession of *Presidents of the Chamber of Mines* (until 1905) who were members of the firm of Eckstein & Co., namely,

Hermann Eckstein, 1889, 1890, 1891,

Sir Lionel Phillips, Bart., 1892, 1893, 1894, 1895 (and again in 1908),

Georges Rouliot, 1898, 1899, 1900, 1901,

Sir Percy Fitzpatrick, 1902,

was only interrupted in 1896–7 by James Hay.* (Then followed George Farrar (q.v.), 1903, Harold Strange (q.v.), 1904 (of the Barnato Group), and F. Drummond Chaplin, 1905 (of the Gold Fields).

For Chamber of Mines, see 'Lionel Phillips,' note 6.

**James Hay*, 1847–1905.

Born in South Africa, he came to the Rand in 1888 and occupied an important position. During his term as President of the Chamber of Mines (1896 and 1897) the breach between the latter and the Association was healed. Politically also Hay played a great part, and was President of the Reform Movement.

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4. *James B. Taylor.*

1860 Born in Maritzburg, Natal, of English parents.

1879 Entered into relations with Alfred Beit.

1886 For Wernher and Beit in Barberton with Hermann Eckstein.

1888 Partner in H. Eckstein & Co., Johannesburg.

1890-1893 Partner in Wernher Beit & Co.

James B. Taylor, the first President of the National Bank of South Africa, is, like his elder brother William, still with us to-day.

William P. Taylor, at home everywhere, and with a finger in the pie wherever there was any digging, knew America and the conditions there before he came to South Africa, and in the latter country went through every stage of its history. He was never a member of the firm of H. Eckstein & Co., but stood in close business relations to it. He is the author of *African Treasures* (1932), in which he tells from memory of his 'sixty years among diamonds and gold' (but unfortunately this very amusingly written book suffers from the lack of an index). The quintessence of his experiences probably lies in the short confession, 'I enjoyed the adventurous days and made money and lost money with the rest.'

5. *Georges Rouliot* also was among Beit's intimates as early as the Kimberley days. He had received his technical training in France, and in 1882 was General Manager of the *Compagnie Générale des Mines de Diamants*. He joined H. Eckstein & Co. in 1893, and as mining expert represented their interests in most of the deep-level undertakings. - As Chairman of the Rand Committee (so-called 'Capitalists') he also took part in politics. Four times, from 1898 to 1901, he was President of the Chamber of Mines, and thus had a particularly important and difficult post to fill during the years of the Boer War.

(6) RAND MINES LIMITED

Was in every respect not only the largest undertaking on the Rand, but was considered to be the largest undertaking of its kind known to the mining world. The Company was formed in 1893 with a capital of £337,136 (at present £523,788) and power to issue debentures up to £1,250,000, trustees for the debenture holders being Lord Farquhar and Sir Julius Wernher; the £1,000,000 debentures issued in 1897 had already been

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redeemed out of profits by 1910. — The Company's record year was 1909, when £1,700,000 was distributed among the shareholders by way of dividend (200 per cent) and bonus (150 per cent).

The maiden dividend (100 per cent) was not distributed until 1898, although the enormous profits which were made from the very first would long before have put the Company in a position to make very substantial distributions; the management preferred, however, first of all to accumulate a large reserve. This policy of caution placed the Rand Mine shares in a leading position on the South African market.

Rand Mines, Ltd., is not a mining but a holding company for a great number of deep-level undertakings; these subsidiary companies, equipped in the most perfect manner possible, are so distributed all over the Rand, that disappointments in one undertaking will hardly affect the total result. According to the balance sheet for 1899 the Company thus owned 3,635,405 shares with a market value of roughly £18,000,000 (its own capital being £490,000). The shares of Rand Mines, Ltd., were the first to overcome the prejudice of non-speculative investors to South African gold mines. During the boom in 1895 the highest quotation was $45\frac{1}{2}$ for the £1 shares, during the slump (in April 1897) the lowest was $15\frac{3}{8}$.

In 1902 the shares were subdivided into 5s. shares, which in June 1935 were quoted at about £8.

During the year 1933 the subsidiaries of Rand Mines, Ltd., and those of the Central Mining & Investment Corporation, which stands in the closest union of interest with Rand Mines, produced gold equivalent to about 37 per cent of the total Rand output (37 per cent of roughly £67,600,000 = £25,012,000).

The following statement, for which I am indebted to the kindness of the Central Mining & Investment Corporation, shows very graphically how the shareholders of the leading Rand Company have fared during the forty and a half years from the formation in 1893 to the middle of 1934.

THE CORNER HOUSE

RAND MINES, LIMITED

DIVIDEND STATEMENT

Year ended 31st Dec.	Capital ranking for Dividends.	DIVIDENDS.		Year ended 31st Dec.	
	£	£	Per cent		
1898	337,136	337,136	100	1898	Cap. in £1 shs.
1899	338,086	253,564	75	1899	do.
1902	448,989	359,191	80	1902	Cap in 5s. shs.
1904	do.	448,989	100	1904	
1905	do.	448,989	100	1905	
6	do.	808,180	180	6	
7	do.	583,686	130	7	
8	do.	853,079	190	8	
9	466,666	917,155	200	9	See Note 1.
10	do.	1,026,666	220	10	
11	531,499	1,169,297	220	11	
12	do.	1,169,297	220	12	
13	do.	1,169,297	220	13	
14	do.	1,062,997	200	14	
15	do.	850,398	160	15	
16	do.	797,248	150	16	
17	do.	770,673	145	17	
18	do.	451,773	85	18	
19	do.	531,498	100	19	
20	do.	770,673	145	20	
21	do.	372,049	70	21	
22	512,538	512,538	100	22	See Note 2.
23	511,288	612,295	120	23	" " 3.
24	do.	613,545	120	24	
25	do.	511,287	100	25	
26	do.	511,287	100	26	
27	do.	511,287	100	27	
28	do.	511,287	100	28	
29	do.	511,287	100	29	
30	do.	460,159	90	30	
31	do.	409,030	80	31	
32	do.	409,030	80	32	
33	do.	690,238	135	33	
34	523,788	785,681	150	34	See Note 4.
	Total to 31.12.34	22,200,786			

Notes: 1. In addition, bonuses amounting to 150 per cent or 7s. 6d. per share were paid.

2. Company purchased 75,844 ex-enemy shares and held them.

3. Company purchased 5,000 ex-enemy shares and held them.

4. Company sold 50,000 ex-enemy shares.

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To sum up, the shareholders have received:

In dividends	£22,200,786 = 4,465 per cent
In bonus	700,000 = 150 „ „
In 41 years	£22,900,786 = 4,615 per cent
being an annual average of	£558,555 = 112.55 „ „

For Rand Mines, see also index.

7. *Sir James Percy Fitzpatrick*, K.C.M.G., M.L.A., 'statesman, author, imperialist,' 1862-1931.

1862 Born at King William's Town, Cape Colony, son of the Hon. James F., a Judge of the Supreme Court of the Cape, who was Irish born and had allied himself to the political fortunes of Daniel O'Connell.

Educated in England, St. Gregory's College, Downside, near Bath.

1878 Back in South Africa; until 1882 clerk Standard Bank of South Africa.

1884 Store-keeper's assistant at Barberton, and subsequently became transport-rider. During this time he learnt to know the Bushveld thoroughly, the scene of various novels and stories from his pen. In Barberton the Sheba Gold Mine was 'generally held to be the last word' in mining technique; what he saw there (and as to which he wrote a few articles for the Press) was undoubtedly of use to him in his future activities on the Rand. Till 1889 he continued to live at Barberton.

1889 He visited the Rand for the first time, but 'Wanderlust' 'was still in his soul.'

1891 He organised the tours of Lord Churchill and Alfred Beit through Rhodesia.

1892 Joined the firm of H. Eckstein & Co. and became chief of their Intelligence Department.

1895 Secretary of the Reform Committee.

1896 After five months' detention on remand he was sentenced on 24th April to two years' imprisonment and a fine of £2,000. - In May he was set at liberty on condition that for three years he should abstain from every political activity.

1898 Partner in H. Eckstein & Co.

1899 Late summer went to England.

September. Publication of *The Transvaal from Within*.

THE CORNER HOUSE

- 1899 October. Outbreak of Boer War.
1900 Extra Official Adviser on South African affairs to the British Government; in constant communication with Arthur Balfour (at that time First Lord of the Treasury in Salisbury's Cabinet).
1902 Received Knighthood.
President of the Chamber of Mines.
1907 Retired from business.
From this time onward Sir Percy devoted himself to politics in his home country.
1929 Last visit to England.
1931 Death.

In addition to *The Transvaal from Within* (1899) he has published:

Through Mashonaland with Pick and Pen, 1892.

The Dustpan, 1897.

Fock of the Bushveld, 1907.

The Origin, Causes and Objects of the War, 1914.

Lord Milner and his Work, 1925.

After his death appeared:

South African Memories, 1932.

8. Mark Twain, who visited South Africa in 1896, described in his own way most pertinently the utter confusion of views prevailing in the country and muddle of opinions held: 'After I had been in Capetown a week and had heard both sides of the question I thought I had mastered it. Then I went to Kimberley and met with a totally different view. Up in Buluwayo there was quite another story, and in Johannesburg a different opinion was expressed, while in Pretoria I might as well have been in another country. When I reached Bloemfontein ...' at this point he was interrupted and the definite question was put to him, to what conclusion he had finally come to. 'Well, the only conclusion I could arrive at was that the South African question was a very good subject for a fool to let alone.'

9. See page 164.

10. *Transvaal from Within* is full of the most interesting details, so that the lack of an index is doubly felt.

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1. Up to 1882 one year's residence was sufficient to enable civic rights to be obtained, for immigrants were sought and

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welcomed. In that year (after Majuba Hill) the time of waiting was extended to five years. The critical period had arrived in 1891, for then five years had elapsed since the great inrush of 1886; the franchise right was therefore again made more stringent between 1890 and 1894, and only those were to be entitled to it who had resided in the country for fourteen years. By this new law duly acquired rights were taken away from the Uitlanders, and those especially who had come from Lydenburg and Barberton to the Rand and whose admission to citizenship was again deferred, were justified in feeling that they had been defrauded.

2. The following, amongst other, dividends had been paid:

	1895	against
Durban Roodeport Gold .	70 per cent	20 per cent in 1891
Ferreira Gold	115 „ „	50 „ „ „ 1891
Langlaagte Estate . . .	50 „ „	10 „ „ „ 1891
New Primrose	50 „ „	15 „ „ „ 1891
Roodeport Unit. Main Reef	50 „ „	20 „ „ „ 1894

3. The value of the total output had increased as follows:

	£
1884	10,096
1886	34,710
1888	967,416
1890	1,869,645
1892	4,541,071
1894	7,667,152
1895	8,569,555

4. During the course of the year 1895 the following rises amongst others had taken place:

	from £	to £
East Rand Propr. . . .	2 $\frac{3}{8}$	12 $\frac{3}{4}$
Ferreira Gold	14 $\frac{1}{2}$	22
Gold Fields	6 $\frac{3}{4}$	19 $\frac{5}{8}$
Langlaagte Estate . . .	4 $\frac{1}{16}$	7 $\frac{1}{2}$
New Primrose	4 $\frac{7}{8}$	8 $\frac{1}{16}$
New Modderfontein . .	6 $\frac{1}{2}$	17 $\frac{7}{8}$
Rand Mines	18 $\frac{1}{2}$	45 $\frac{1}{2}$
(1894 lowest 7 $\frac{1}{2}$)		
Roodeport Un. Main Reef.	4 $\frac{1}{8}$	8 $\frac{1}{8}$
Simmer & Jack	11 $\frac{1}{4}$	28

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5. 'There is certainly nothing heroic about the ordinary miner; he risks his life for no scientific enterprise, he faces danger to conquer no foe; he desires neither notoriety nor glory; he merely seeks to fill his own pocket.' This very severe opinion was pronounced by H. Hayne of the Mounted Police in the Klondyke. The rush in Alaska in 1898 differed in many respects from the conditions on the Rand, but many features of this sketch do apply to it.

6. Whilst her husband was a prisoner after the Raid in Pretoria, Lady Phillips had an interview in his interest with Chamberlain, and in her pardonable excitement gave expression to this opinion, without thinking that in 1881 (Majuba Hill) Chamberlain was in Gladstone's Cabinet.

7. Lieutenant-General Sir William Butler went for the first time from England to South Africa in 1872, and occupied the most varied military and civil posts in the country, and in Lord Milner's absence he was for a time Acting High Commissioner.

8. William P. Taylor (q.v.), who was thoroughly conversant with the circumstances, expressed this view. Sammy Marks (q.v.) put it more concisely and saw the *fons et origo* of the mischief in the fact that 'the English do not understand the Boer.'

9. The Boers could never forget that Sir Owen Lanyon, Administrator of the Transvaal from 1879 to 1881, refused to shake hands with the Members of the Volksraad.

10. Everywhere there was evidence of the ability of the foreigners, and especially of the British, to organise, and to organise rapidly; the rapid building up of the industry, which is unparalleled in history, is a proof of this. 'The contrast in the capacity for organisation between the Boer Government and the Uitlanders was particularly striking on the occasion of the great dynamite explosion. The explosion occurred on trucks of the Dutch Railway Company, and the victims were nearly all Dutch. But though the Dutch Government officials were most anxious and willing to afford relief, while they were slowly revolving in their minds what to do, the Uitlander population had called a meeting, and, three hours after the accident, had subscribed £40,000 and organised a temporary hospital, medical staff and relief parties' (Younghusband, *South Africa of To-day*, 1889). (On the 18th February 1897, 50 tons of dynamite had exploded in the goods station at Johannesburg. Eighty

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dead, 500 wounded and 1,500 homeless burghers were the appalling result of the catastrophe.)

11. Robinson claimed to be the discoverer of the Rand, but this is not in accordance with the facts.

12. It was not so much the amount of the taxes which enraged the industry, as the uneconomic method in which the money paid by it was spent. For instance, taxation in the British Canadian Klondike was much heavier, and 50 p.c. of the gold won had to be handed over. – Nor did the dynamite monopoly affect the wealthy mines, and consequently the great groups, nearly so much as those mines which had constantly to fight for their existence and their solvency. – Further the rank and file on the Rand complained of the insane customs tariff on the necessities of life.

13. Transvaal.	Revenue.	Expenditure.
	£	£
1885 . . .	162,000	187,000
1892 . . .	1,256,000	1,188,000

In 1898, the 130,000 Uitlanders paid £5,000,000 to the revenue.

In spite of this enormous income – from the Mines – the Boers undertook public works only when there was absolutely no way out of it – unless indeed concessionaires had induced them to do so. In the latter case the public work became a source of private profit.

14. Transvaal.	Salary List.
	£
1886	51,800
1899	1,216,390

so that in thirteen years it had multiplied by twenty-four.

15. As until August 1892 Johannesburg and the Rand had no railway, all machinery, all timber, every tool and every iron spare part had to be carted at least 300 miles by ox-wagon (one and a half miles per hour). An industry had been built up in the desert – proof of the energy and organising talent of the Uitlanders.

16. The Dynamite Monopoly was in the hands of Ed. Lippert.

17. Lady Phillips writes that it is by no means a 'wild state-

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ment' but a fact that 'could be proved over and over again' that Kruger had made a vast fortune for himself and his family. More to the point, perhaps, are the reports of Sir Percy Fitzpatrick – like Lady Phillips a South African by birth. Giving in detail all the surrounding circumstances and the dates, Sir Percy ascertains that Kruger obtained loans from the State Treasury at a nominal rate of interest, that he drew heavy travelling expenses for a visit to Cape Colony when in fact he was the guest of the British Government, and that improvements on his farm 'Geduld' were carried out at the cost of the State. – Subsequently (in 1899) Goerz & Co., now the Union Corporation, bought the farm, and that transaction was much discussed unfavourably to Kruger. (The Geduld Proprietary Mine is erected on the farm.)

In official circles the methods were the same; with the co-operation of customs officers smuggling flourished; many officials paid rents which were in excess of their salaries, and when, as for instance in the early days after the great drought in the State purse, the latter were many months in arrear, they lived in the same style as before.

On the occasion of a lawsuit which the Selati Railway Co. brought against the Government, it turned out that of 25 members of the Volksraad 21 had been bribed with concessions, amongst them the Vice-President, and Kruger's son-in-law Frickie Eloff, the President's private secretary.

18. 'Pillar boxes were extravagant and effeminate.' Why did people write so many letters? He never wrote any. 'In the days of his youth he had written a letter, and had not been afraid to travel fifty miles and more on horseback and by wagon to post it; and now people complained if they had to go one mile.' The above bright statement was made by Taljard, a member of the Volksraad, when a motion for the erection of pillar-boxes came up for discussion; the sitting of the Volksraad in question took place on the 6th May 1892.

19. The petition of 1893 had 13,500 signatures; that of 1897 had 35,400.

20. Henry James King (– Friedlaender) had not been nearly long enough in Johannesburg to be taken into confidence concerning secret proceedings; when owing to a careless remark in a conversation he learnt of the intended action, he at once went to the office of the Reform Committee, slanged all present

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for not having taken him into their confidence, and subscribed for his principals, the Neumann Group, the sum of £10,000 to show that there was no ill feeling. — He arrived just in time to be allowed to go to prison with the rest of them.

21. There were only 2,300 rifles in Johannesburg; the Boer officials who collected the arms which were voluntarily surrendered in the town, could not understand the low number. They had assumed that there were 20,000 armed men, and asked for the remaining 17,500 rifles. Phillips replied, 'If we had possessed 20,000 rifles, do you think we should have been such fools as to give you 2,300 of them?'

The story goes that the greatly exaggerated idea of the Boers as to the arming of Johannesburg is due to the following: It is said that Hays Hammond, on being questioned by Sammy Marks, had, in order to get rid of him, told him a fairy tale and had talked of 30,000 rifles and 30 guns, and that Marks had passed on this 'information' red hot to Kruger. — Even apart from the fact that Marks was on very intimate terms with the President, there is very little likelihood that the story is true.

22. In this manifesto, signed by Charles Leonard, the last sentence is worthy of note. 'We are the vast majority in this State. We own more than half the land, and, taken in the aggregate, we own at least nine-tenths of the property in this country; yet in all matters affecting our lives, our liberties and our properties, we have absolutely no voice.'

23. The letter to Dr. Jameson contained the following passage: ' . . . All the petitions of the people have been refused with a greater or less degree of contempt, and in the debate on the franchise petition, signed by nearly 40,000 people, one member challenged the Uitlanders to fight for the rights they had asked for, and not a single member spake against him . . .' and concluded: 'It is under these circumstances that we feel constrained to call upon you to come to our aid, should a disturbance arise here. The circumstances are so extreme that we cannot avoid this step, and we cannot but believe that you and the men under you will not fail to come to the rescue of the people who would be so situated. We guarantee any expense that may be reasonably incurred by you in helping us, and ask you to believe that nothing but the sternest necessity has prompted this appeal.'

The signatories to the document were Chas. Leonard, Frank

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Rhodes, Lionel Phillips, John Hays Hammond and George Farrar.

The Government in Pretoria was justified in believing that on top of everything it had been deceived, for on inquiry in Johannesburg it had been informed by the men there that they knew nothing of any Raid—the document bearing date the 28th December 1895 had been found by the Boers in Jameson's baggage after the latter's surrender.

24. Immediately after receiving the news of the Raid Rhodes groaned, 'Jameson was twenty years my friend and now he has ruined me.' Later on, the great man said, with less feeling but more picturesquely, 'He took the bit between his teeth and bolted,' and 'Jameson has upset my apple-cart.'

25. Lionel Phillips, as spokesman, detailed after the Raid at length the position of affairs in Johannesburg on his examination before the Commission of Inquiry at Pretoria, and was interrupted by the official: 'If you have erected fortifications and have taken up arms you are nothing but rebels.' Sir James Molteno compared the proceedings of the Reformers with those of a 'band of pirates of the days of Queen Elizabeth' and described their behaviour as that of a 'lot of schoolboys.'

Although from every point of view the Raid must be condemned, yet it is impossible not to admire the way in which Jameson, 'a chivalrous sort of highwayman,' confidently and recklessly marched out with his band, gentlemen of England, just as if they were going out to the cricket pitch.

(26) THE LIPPERTS

One of the most singular men on the Rand, whose motives it is exceedingly difficult to understand or explain, was Eduard Lippert, who neither as financier nor in any other capacity was interested in the mining industry, yet was a business-monger on a vast scale although with very petty methods, whose character has given rise to almost endless discussion.

After the Franco-Prussian War the three Lippert brothers, Eduard, Ludwig and Wilhelm, the partners in the firm of D. Lippert & Co., the largest South African firm on the Continent (in the early eighties it failed, but subsequently all debts were paid together with interest), went to the Cape, and settled first at Port Elizabeth; then, as the firm grew in importance, the business was extended to the diamond fields, where it was

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represented by their cousin, Alfred Beit (whose mother, Laura, *née* Hahn, was a sister of old Mrs. Lippert). Together with Beit, Eduard Lippert joined the firm of Jules Porges & Co. in 1882 and became a partner in 1886. Then he went to the Rand.

Here, from political inclination and economic considerations, Eduard had joined the highly unpopular Hollander-German group whose aim was to make money, not by productive work, but through the acquisition of concessions, and so it came about that, though he was himself an Uitlander, he was from the very start opposed to the rest of the population of the Rand, because this concession policy imposed extraordinarily heavy taxes on everything that the gold industry required. So, for instance, monopolies had already been granted on bricks, cement, the building of railways, and in particular on dynamite, but not satisfied with this, Kruger was toying with the idea of including among the articles subject to concessions, woollen fabrics, jam, biscuits, even bread, and in addition cyanide of potassium which, together with dynamite, was a daily requisite of the mines.

None of the concessionaires was particularly popular on the Rand, but the one most disliked was Eduard Lippert, for he was interested in the monopoly of the Netherlands Railway Co., held liquor concessions, and was the proprietor of the abhorred dynamite monopoly.

This last had been granted from two points of view: for one thing, the State wished to keep the control of explosives in its own hand; for another – and this was the main reason – the Government desired, for the purpose of the defence of the country, to have a powder factory within its boundaries. Lippert had not in any way complied with this second desire of the Government, and the ‘local industry’ consisted merely of peddling out on a very small scale the produce imported from abroad. – Lippert’s dynamite monopoly never ceased being one of the complaints and grievances which the Chamber of Mines put forward in Pretoria, and was one of the main economic grievances of the Uitlanders. It has been calculated that this indispensable dynamite cost two hundred per cent more than if it had been imported without going through the hands of the concessionaire, and this taxation cost the gold industry the sum of £150,000 in 1894, which by 1899 had grown to £600,000.

When at last it had become possible to convince Kruger that Lippert was deceiving him, and that he did not manu-

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facture any dynamite in the country, the monopoly was cancelled – to reappear a few months later as a Government monopoly – and the agency for the Rand was granted to a former partner of Lippert.

The Mining community felt that by such duplicities it was made a laughing-stock, and still more so because Lippert, upon whom they rightly looked as an enemy owing to his machinations and his behaviour, had succeeded with the assistance of Dr. Leyds in getting himself appointed Government Emissary for the Rand; in view of the general tension already existing, such an appointment could only be intended as a snub, and it was felt as such.

In the north, Lippert came into sharp conflict with Rhodes. Egged on perhaps by the Transvaal, or perhaps by another Power, he had persuaded Lo Bengula – on this expedition Lippert was accompanied by his wife, the first white woman ever to visit Mashonaland – that he would fare far better if he negotiated with him rather than with Rhodes, and when by this means he had succeeded in landing some few concessions, he tried to place obstacles in the way of the Chartered Company, and talked darkly of the German Government when the Chartered Company stated that his concessions were worthless; subsequently the Chartered bought his rights from him for what they were worth.

That in some way or other Lippert, an out-and-out Pro-Boer, was in the pay of Germany, and tried to work in that country's interest in the Transvaal, is certain; this was proved in an action for libel which, however, did not proceed to trial:

One of his men was old Colonel Ferreira whose fortune had entirely disappeared when he had struck a bad streak, and his share in the gold mine named after him had also been lost. This deserving and real pioneer (q.v.), when he was in very great straits, offered for sale letters which he had received from Lippert, and which were extraordinarily compromising for their writer. They were offered, amongst others, to Sir Percy Fitzpatrick, with the special inducement that Rhodes and Beit, with whom Lippert was not at the time on good terms, might be able to use them against him. – The *Johannesburg Star* had made some sharp criticisms of Lippert and his business methods, and it was maintained in the article that he stood in the pay of Germany. The result of this publication was – an action for libel combined with a claim for damages amounting to £10,000

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— a most unpleasant state of things for the paper which would hardly have been able to produce in Court positive proof for its statements.

But Sir Percy remembered the letters in Ferreira's possession, and he suggested to the editor (F. J. Dormer) that he might possibly be able to acquire them for £100. Two days later an authorised statement appeared in the Press that Lippert had withdrawn his claim — with the letters in his hand the editor would have been able to prove the truth of his words.

In whatever connection it was possible to obtain concessions, there Lippert, the great concession hunter, had a finger in the pie. As early as 1887 he had tried to get a banking concession for the Transvaal, and had interested the Deutsche Bank, which at that time was not averse from international expansion, in the scheme which, however, did not mature, but is mainly mentioned here because the confidential adviser sent to South Africa by the Deutsche Bank was a member of its Board, Adolf Goerz, who two years later laid the foundation of the great group of A. Goerz & Co.

Yet this same Eduard Lippert, who for years acted as an irritant on the Rand, whose dynamite monopolies were described even by those who did not suffer from them as 'unfair, not even honest,' was a highly cultured and sensitive man with exceptional abilities. Everybody who had personal dealings with him — outside business — was enchanted by his great knowledge and his charm, and his brilliant conversation made him a favourite in Society, although everyone knew of his dark paths and his disastrous influence on Kruger and the Government at Pretoria.

He managed to amass great wealth; but after the World War he was unable to adapt himself to the new conditions in Germany, and could not be induced to believe that the fall in the mark was anything but a passing phase; in this way he lost the whole of his fortune, was compelled in his old age to take a paid position, and died in very reduced circumstances in Hamburg.

Ludwig Lippert was the first to interest European financiers in Kimberley, and to place diamond shares in the capitals of finance. Julius Wernher had written down all the facts — short notes as to capital, number of claims and output of the best mines — on a scrap of paper, and equipped with the facility of

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expressing his thoughts fluently in three languages, Lippert was able to interest financial circles in London, Paris and Berlin in the purchase of diamond shares, to begin with merely *à fond perdu*. Ludwig Lippert must therefore be considered the creator of the market in South African Mines which in the course of time grew to be of world-wide importance. The first dealings which were instigated by him took place in the roadway from Holborn Viaduct to Hatton Gardens, the centre of the diamond market, and as in those days (1886) there was no telephone, the few brokers ran from office to office, and the market took place in the street.

When Rothschilds decided to take part in the great amalgamation under the leadership of De Beers, it was again Ludwig Lippert who assisted in the formation of the Syndicate (see 'Amalgamation,' note 7) and in connection with this he received a commission of roughly a million francs.

A man of quite another kidney was the third brother, Wilhelm; of very speculative tendencies, he had gone in for wild share transactions, and when he had got himself into a thorough mess, he had by means of false and untrue statements asked the help of his cousin Beit, at the time a moderately wealthy man, and had received the most liberal assistance. Lippert's incurable carelessness had again landed him in difficulties after the diamond shares boom. Amongst the banks which had lightheartedly given credit to the speculators was the Union Bank (formed in 1847) and it was forced to stop payment. During the course of the liquidation it was discovered that one customer alone – Wilhelm Lippert – owed £554,445; amongst the securities deposited by him were forged bills on Alfred Beit amounting to £167,053 and the latter was to his sorrow compelled to give evidence against his relative and to produce his books. In the result Lippert was sentenced to several years' hard labour.

This incident, which was exceedingly painful for all concerned, led to an unexpected result. From that time on Eduard Lippert, who already was on very bad terms with everybody on the Rand, persecuted Beit with a quite particular hatred, which eventually also extended to Rhodes, and it is possible without exaggeration to speak of a regular campaign of hate which was again and again and on the most varied occasions staged by Lippert against these two. For a time, Lippert found

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an ally in these intrigues in Jos. B. Robinson – who also suffered from a very bad memory when it was a case of remembering his own extremely unpleasant former experiences.

SIR LIONEL PHILLIPS, BART.

- 1855 Born 6th August, son of Philip Saunders Phillips, merchant in London.
Education in London.
- 1875 Kimberley. Employed by Joseph B. Robinson. Subsequently Manager Griqualand West Diamond Mining Co.; later of the French & D'Esterre Co.
- 1885 Married Florence, daughter of Albert Fred Ortlepp.
- 1886 Went to Barberton for Alfred Beit.
- 1888 Sent to Johannesburg by Wernher and Beit.
- 1889 Partner in H. Eckstein & Co., Johannesburg.
Manager of the Randfontein Estates.
- 1892-95 President of Chamber of Mines.
- 1893 Partner in Wernher Beit & Co.
- 1895 29th December, Jameson Raid.
- 1896 10th January to 11th June, prisoner in Pretoria.
28th April, sentenced to death.
Death sentence commuted to fine of £25,000.
Banishment from Transvaal.
- 1897-1905 In London with Wernher Beit & Co.
- 1903 J.P. and D.L. Hants, High Sheriff.
- 1906 Return to Johannesburg.
- 1908 For the fifth time President of Chamber of Mines.
- 1910-15 Member of Legislative Assembly of South Africa.
- 1912 Created Baronet.
- 1913 Seriously wounded during strike in the Mines.
- 1914-24 Chairman Central Mining & Investment Corporation.
- 1916 Controller of Department for the Development of Mineral Resources under the Ministry of Munitions.
- 1924 Resigned all his Directorships and retired to Vergelegen, the former residence of the Dutch Governor Van der Stel, in Somerset West, Cape Colony.

Published in 1905 *Some Transvaal Problems*;

„ 1924 *Some Reminiscences*.

Lady Phillips published in 1899 *Some Recollections*.

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1. The nucleus of the Municipal Art Gallery in Johannesburg, a very valuable collection, is due to the efforts of Lady Phillips; at her instigation Sir Max Michaelis (q.v. 'Alfred Beit,' note 21) bequeathed his exquisite old Masters to the Museum.

2. See Chronological Table.

3. 1885; see Chronological Table.

4. *Hennen Jennings* was Lionel Phillips's technical colleague at Eckstein; like almost all the Mining Engineers who assisted in the opening up of the Rand, he was an American, and from the El Callao Mine in Venezuela he had brought back great experience and a still greater scepticism. When in April 1890 MacArthur produced his new cyanide extraction process on the Rand, Jennings 'was not to be tempted . . . took nothing for granted, measured every vat and every pipe, sampled the water, the lime, the cyanide and the zinc to make sure that there was no humbug. For two days and two nights the trial lasted, until late on the third day, when a small ingot of gold was turned out of the little kerosene smelting furnace. It showed a 98 per cent extraction.'

Jennings remained with Ecksteins as Consulting Engineer until 1898 when he moved to London, where he was engaged in the same capacity with Wernher Beit & Co., till 1905.

5. 'Mermeix,' *Le Transvaal et la Chartered*, 1897, page 92: (Lionel Phillips) 'tout en nerfs, pensant and vivant vite, toujours occupé et jamais affairé, riche et laborieux: un esprit toujours libre et de belle humeur.'

6. The *Chamber of Mines*, whose beginnings go back to 1887, was definitely formed in 1889 to represent the industry and secure for it economic freedom; its history is that of the industry itself, but also the history of the country, for from the first political considerations assumed prominence in the deliberations of so purely industrial a body. 'Tolerated and disliked, bullied and feared,' the mining community had to fight hard for every right, every necessity. Again and again the conflict had to be taken up against monopolies and against the unfortunate railway policy of Pretoria; in addition the Chamber of Mines had in 1889-90 to take charge of the relief of Johannesburg when it was threatened with a food shortage, and in 1896 when hospital accommodation had to be provided - both of them tasks which the State ought to have carried through.

In March 1896 some twenty mining companies, most of

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which were under the same management, seceded from the 'Chamber' and founded the 'Association.'

Among the seceders (i.e. the Robinson followers) were the

Albu Group,

Goerz Group,

F. von Hessert (French Group),

J. Berlein,

W. Dettelbach (-Dereham),

and others, who all stood outside politics, and in 1896, after the Raid, were not at all sure whether it would be advantageous or safe in the Transvaal to lay stress on the fact that they were 100 per cent British.

After the reunion (see page 111) the name of 'Witwatersrand Chamber of Mines' was changed to 'Chamber of Mines of the South African Republic'; since 1902 the name has been 'Transvaal Chamber of Mines.'

The Act of Incorporation for which the Chamber had been fighting since 1893, was definitely refused in 1899, and it did not receive it till 1903 under the new regime.

Names of Presidents of the Chamber of Mines until 1905 (see 'Corner House,' note 3).

7.	1895		1897	
	September		Spring	
Rand Mines	45½	to	15½	
Simmer & Jack	28	to	2½	
New Modderfontein	17½	to	1½	
Langlaagte Estate	7¼	to	3½	
Roodeport United M. Reef	8½	to	2½	
Ferreira Gold	22	to	14½	
New Primrose	8½	to	2½	
East Rand	12½	to	1½	

In no case was the lowest price after the Raid; the downward trend continued through the whole of 1896, and did not stop till the spring of 1897. From then onward things moved up again – towards new booms and new slumps.

8.	Top price September 1895	Opening of new Building of Chamber of Mines, end of November 1895
Consolidated Goldfields .	19 ⁵ / ₈	12
Rand Mines	45 ¹ / ₂	27 ¹ / ₂
East Rand Props.	12 ³ / ₄	6

PHILLIPS—THE BIG TEN

9. Lionel Phillips surrendered to the authorities on 10th January 1896 (see Chronological Table).

					£
10. Output	1913	.	.	.	37,370,000
	1914	.	.	.	35,660,000
	1915	.	.	.	38,630,000
	1916	.	.	.	39,490,000
	1917	.	.	.	38,300,000
	1918	.	.	.	35,760,000

11. Sir Lionel also became a partner in the firm of L. Breit-meyer & Co. (see 'Sir Julius Wernher,' note 7).

12. Louis Reyersbach and Charles Rube (see 'Alfred Beit,' note 21).

13. Johannesburg inhabitants:

1885 .	.	.	.	.	50
1890 .	.	.	.	.	17,331
1898 .	.	.	.	.	61,292
1902 .	.	.	.	.	109,452
1921 .	.	.	.	.	288,000
1931 .	.	.	.	.	375,000
1934 .	.	.	.	.	381,000
White	.	.	.	.	203,000
Coloured	.	.	.	.	178,000

THE BIG TEN

The giant combines among the Big Ten—the Rhodes, Wernher-Beit, Barnato and Robinson Groups—have already been dealt with in previous chapters.

1. In addition to the great undertakings described in the text, there were in those days (1895) the smaller ones:

Henderson's Transvaal Estates,

nominal capital £2,000,000;

Ochs Brothers—Oceana Consolidated Group,

Oceana Consolidated Co.: nominal capital £1,000,000;

Consolidated Mines Selection,

nominal capital £1,200,000,

which to-day belongs to the Anglo-American Corporation;

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Berlein-Dettelbach (Dereham) Group,
 (Transvaal Goldfields, nominal capital £300,000);
 Julius & Arnold Friedlaender,
 supported by Sir Edgar Vincent, subsequently Lord
 D'Abernon.

Although in 1917 a new and very strong group, the Anglo-American Corporation, under the management of Sir Ernest Oppenheimer (see 'Pebbles,' note 11), made its appearance, yet there are to-day only eight groups left which control the output on the Rand, all limited companies, whose nominal capital must not, however, necessarily be regarded as indicating their importance in the goldfields; they rank – roughly – as follows:

Central Mining & Investment Corporation – Rand Mines (formerly Wernher-Beit Group)	£ 3,950,000
Johannesburg Consolidated Investment Co. (formerly Barnato Group)	4,500,000
Consolidated Gold Fields (formerly Rhodes Group)	6,500,000
Anglo-American Corporation of South Africa	5,000,000
Union Corporation of South Africa (formerly Goerz Group)	875,000
General Mining & Finance Corporation (Albu Group)	1,500,000
South African Townships (Abe Bailey Group)	1,455,000
African & European Investment Co. (Lewis & Marks Group)	2,250,000

In addition there are the following smaller concerns:

Anglo-French Exploration Co.	500,000
(One of the oldest finance Companies, founded in 1889, which for a time had joined hands with the Farrar Group)	
and H. E. Proprietary (the Hamilton-Ehrlich Group)	300,000

LEWIS & MARKS

Samuel Marks, 1844–1920

Isaac Lewis, 1849–1927

2. Amongst the extensive and varied properties of the African & European Investment Co. (*Lewis & Marks*) are the following Gold Mines:

THE BIG TEN

Lonely Reef Gold Mining Co.,
Eastern Gold Mines,
New Central Witwatersrand Areas,
Grootvlei Proprietary Mines,
Palmietkuil.

Together with the South African Townships the Group is interested in the East Rand Consolidated.

Among the large number of collaborators in the Lewis & Marks Concern may be named *Jacobus Nicholas de Jongh* who, born in Capetown, must be included in the early pioneers – he was in the diamond fields as far back as 1872. A lawyer, he was the head of the concern from 1895 to 1908, and then returned to his legal profession.

3. For Sheba Gold Mining Co. (see page 94, and 'Gleam of Gold,' note 15); this mine had belonged to the Lewis & Marks Concern and was placed into liquidation 1930.

FARRAR-ANGLO-FRENCH GROUP

4. Major *Sir George Herbert Farrar*, D.S.O., M.L.A., 1859–1915. A son of Charles Farrar, M.D., of Charteris, Cambridgeshire – educated at Bedford; trained as engineer in the firm of Howard Farrar & Co. at Bedford.

1893 Foundation of East Rand Proprietary.

1896 Condemned to death, commuted on payment of £25,000 fine.

1900 Boer War, D.S.O., mentioned in despatches, receiving medal with three clasps.

1902 Knighted.

1903 President of Chamber of Mines.

1906 Organised Transvaal Progressive Association and was elected its first President.

1908 (June) East Rand Proprietary merger.

5. *East Rand Proprietary Mines* was floated in 1893 with an initial capital of £650,000 (which by 1908 had been increased to £2,500,000, and has now been reduced again to £1,500,000) to take over the assets of the H(anau)-F(arrar) Syndicate, and in October 1895 it acquired the property and assets of the East Rand Central Gold Mining Co. Under the management of Sir George Farrar the great merger was carried through in 1908 (see note 6).

At the height of the boom in September 1895 the shares rose

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to 12½, without as yet having paid any dividend (see below); three months later, at the turn of the year from 1895 to 1896, they had fallen to 3½, reaching their lowest point in 1897 at 1½ (by 1899 they had again risen to 8½).

It was not till 1903 that the payment of dividends began, from 1914 on distributions were unsatisfactory, and stopped entirely in 1916. A single payment of only 3½ per cent was made in 1924, and it was not until 1931 that regular distributions began again. In the forty years of its existence the shareholders of the Company have received in all 407½ per cent, that is about 10 per cent per annum, so that they have not fared particularly well.

The East Rand Proprietary at present belongs to the Central Mining & Investment Corporation group, and the General Mining has a considerable interest in it.

6. Together with the Anglo-French Exploration Co. (see note 9), of which he was a director, Sir George Farrar in 1908 carried through the great merger of the East Rand Proprietary. At the General Meeting held on 29th May 1908 the necessary resolutions were passed; in addition to the undertakings of the Driefontein Consolidated, the Angelo, New Comet and Cason Gold Mines, those of the Angelo Deep and the Hercules Company were absorbed, whilst a portion of the Driefontein Deep as well as certain other claims and interest were purchased, and the East Rand Proprietary became one of the largest of the world's mining propositions; the great hopes, however, which were entertained from the giant combine have only in part been realised.

7. Chinese Labour (see 'Beit,' note 19).

8. Mines of the Farrar Group (see note 6).

9. *Anglo-French Exploration Co.*, formed in 1889, is one of the oldest of South African finance companies, interested in many of the best known gold mines and the most varied industrial undertakings on the Rand.

S. NEUMANN & CO.

10. *Sir Sigismund Neumann, Bart.*, 1856–1916 (created Baronet in 1912). A brother of Sir Sigismund, Ludwig Neumann, was a partner in L. Hirsch & Co. (see 'Boom,' note 5).

11. The group of S. Neumann & Co. was chiefly identified with the following companies: Treasury, Wolhuter, New Modder-

THE BIG TEN

fontein Consolidated Main Reef, Witwatersrand Deep, Knight Central, Driefontein Deep, African Farms and Cloverfield Mines; they were associated with other large mining and financial groups in the control of the Randfontein Deep and the West Rand Consolidated, and had representatives on the Board of the Rand Mines, East Rand Proprietary and various other companies.

12. *Charles Sidney Goldmann*, born 1868, in Burghersdorp, Cape Colony, was at Reddersburg, when the call of the gold induced him to give up his business and agricultural career; like so many others, he went North, first to Barberton, then to the Rand. There he entered the firm of S. Neumann & Co. in a subordinate capacity, worked his way up to a responsible position, and at the age of 26 became a partner; from that time on the sphere of his work lay alternatively between Johannesburg and London. The manuals on South African Mines which he published stand head and shoulders above all other publications of the kind. After the close of his active business career Ch. S. Goldmann took up Parliamentary life, and for many years was M.P. for Falmouth; as soldier he rose to be Major. — Goldmann married a daughter of Speaker Peel (Viscount Peel), and is thus a brother-in-law of Rochfort Maguire (see 'Beit,' note 28).

13. Henry James King (see 'What is Truth?' note 20).

14. *Carl Hanau*, 1855–1930, came to South Africa in 1874, where his father settled at Victoria.

After leaving S. Neumann & Co., whose nominee he was on the Board of Rand Mines, Ferreira, Crown Reef and many other mines, he was for a time the representative on the Rand of Barnato Brothers, and in 1902 was Chairman of the Coronation Syndicate.

15. Sub-Nigel (see 'Rhodes,' note 9, towards the end).

16. Coronation Syndicate shares rose to £40, and Hanau was offered a vast fortune for 50 per cent in the Syndicate, but refused. At present the shares (now of a denomination of 2s. 6d.) stand between 3 and 4 shillings.

17. *Ludwig Ehrlich*, born in 1863, trained as a banker in Frankfort-on-Main and Paris, came to the Rand in 1890 to join Carl Hanau in the representation of S. Neumann & Co.; in 1894 he started on his own, relying at first on the Gold Fields, and in 1896 his firm, in which F. H. Hamilton became a partner in 1900, settled in London. The group floated the H(amilton)-

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E(hrlich) Proprietary and the East Rand Deep, and controls the South African H. E. Proprietary and the Luipaards Vlei Estate & Gold Mining Co. (see note 19), whose Chairman is Eric Turk, another partner in the group.

In addition the Hamilton-Ehrlich group controls mining interests in Canada, Russia, Australia and Central and South America.

18. *Fred. Howard Hamilton*, B.A., LL.B., born in London in 1865, came to South Africa as journalist in 1889, and from 1894 to 1896 was editor of the *Johannesburg Star*. As a member of the Reform Committee he took part in the political movement.

19. *Luipaards Vlei* were floated 1888 by Gold Fields in the days of Rhodes. The mine, about which the best of the mining men have taken an enormous amount of trouble, has produced vast masses of gold, employed workmen for many long years and paid taxes, without the shareholders for thirty years reaping even the slightest profit; it was not until 1908 that a maiden dividend was paid, and others followed in 1909, 1915 and 1916. Belonging to the Hamilton-Ehrlich group since 1912, it has of recent years been brought to a profit-earning state, and in 1933 to 1935 has paid good dividends.

20. Sir Sigismund Neumann's partner in Neumann, Luebeck & Co. was Martin Luebeck, a former manager of the London branch of the Dresdner Bank, and in that capacity was connected with the Albu Group.

A. GOERZ & CO., LTD. — UNION CORPORATION OF SOUTH AFRICA

- 21. 1857 Ad. Goerz born.
- 1888 Ad. Goerz went for the first time to the Transvaal.
- 1889 Formation of Goerz Syndicate.
- 1892 Formation of Rand Central Ore Reduction Co.
- 1895 (May) registration of Lancaster Gold Mining Co.
(October) registration of A. Goerz & Co., Ltd.,
with a nominal capital of £1,015,000.
- 1899 (March) registration of Geduld Proprietary.
(April) registration of Modderfontein Deep Levels.
- 1900 Death of Ad. Goerz.
- 1918 Transformation of concern into Union Corporation
of South Africa.
- 1927 Flotation of East Geduld.

THE BIG TEN

22. Adolf Goerz and the Lippert Bank concession (see page 330).

23. The original Goerz Syndicate of 1889 had a capital of £100,000, and in 1893 was changed into Adolf Goerz & Co., Berlin and Johannesburg, which was able in 1894 to distribute 35 per cent and in 1895 50 per cent from the returns of mining interests which had been prudently acquired during the 1900 slump. A. Goerz & Co., Ltd. (nominal capital £1,015,000) was floated in 1897.

The holders of Goerz shares had every reason to be satisfied with their management, for this high-class and prudent holding Company has during the thirty-seven years of its existence paid dividends totalling 680 per cent – an average of 18.35 per cent per annum.

24. Meyer & Charlton (see note 34).

25. Amongst the mines of the Goerz Group in the early days were – in addition to Meyer & Charlton – Princess Estate, Metropolitan, George Goch (subsequently New Goch of the Albu Group and merged with the Metropolitan). After the reorganisation the Rietfontein seemed to develop into a brilliant proposition, and the shares rose – somewhat prematurely – to £6, subsequently dropping to 10s., for a dishonest manager had robbed the mine and left it in a hopeless condition; later on the mine passed into the ownership of the Barnato group.

The Union Corporation's main interests on the Rand are now:

Modderfontein Deep Levels (see note 27),

Geduld Proprietary (see note 28),

East Geduld, all three important gold producers, and

Grootvlei Proprietary,

Van Dyk Proprietary,

Withok Proprietary.

26. Cyril Flower, 1st (and only) Lord Battersea, 1843–1907.

27. *Modderfontein Deep* was registered in 1899; it took sixteen years before the shareholders saw any return for their money; from 1915 on, however, magnificent and ever increasing dividends were distributed, and during recent years (1924 to 1934) alone nearly 1,350 per cent was paid. Including the years of waiting, *Modderfontein Deep* in thirty-five years distributed roughly 66 per cent per annum.

28. *Geduld Proprietary* (likewise formed in 1899), on the farm which formerly belonged to President Kruger, went without

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dividend for fifteen years; although this mine was not nearly so productive as Modderfontein Deep, yet its shareholders received in the thirty-five years an average of 15 per cent per annum.

29. *Sir Henry Strakosch* was born in Austria in 1871; after experience of banking in Europe, he went to South Africa as Manager of the African Mining & Financial Association, and joined Goerz in 1896. — *Sir Henry* is a Member of the Council of India, Member of the Financial Committee of the League of Nations, and has represented South Africa on all the great International Conferences; as author his extensive activities embrace the whole subject of currency and gold problems.

Another partner in the undertaking was *Amandus Brakpan*, who came to Johannesburg in 1892 to join Adolf Goerz. From 1898 to 1907 he was Managing Director of the Limited Company, and from then to the outbreak of the Great War its Chairman. *Brakpan* died in 1923.

30. For the changes due to the Great War in the Central Mining, see page 203.

ALBU GROUP

31. *Sir George Albu*, Bart., born 1857 in Berlin, lived in Kimberley from 1876 to 1891, and subsequently in Johannesburg.

32. Leopold Albu went to South Africa before his brother, and on the formation of the General Mining & Finance Corporation took over the London management.

33. Witwatersrand Gold Mining Co. was generally called Knight's; in addition to this there was Knight Central and Knight's Deep.

34. The *General Mining & Finance Corporation* was formed in 1895 with a capital of £1,250,000.

Among its main assets on the Rand were:

West Rand Consolidated (see below);

Van Ryn (see below);

Roodeport United Main Reef;

Cinderella Deep, a somewhat weaker member, and finally merged with East Rand Proprietary;

Aurora West;

New Goch;

and above all the marvellous

THE BIG TEN

Meyer & Charlton.

This venture, formed in 1888 with a capital of £40,000, and whose capital never exceeded £200,000 – in every respect a master mine – closed its brilliant career in 1932, when it was worked out, and during these forty-four years it

	£
produced gold of the value of . . .	11,640,000
spent in working costs	6,110,000
paid in taxation	1,040,000
and distributed amongst its shareholders	3,855,309

the members receiving in all £26 1s. 4½d. for each £1 share, which is equal to a dividend of 2,613 per cent, or roughly 60 per cent per annum – truly a magnificent record.

In 1895 the shares rose to £8½, and in the slump (1896) £3½.

In the *Van Ryn* the shareholders came off not quite so well, receiving an average of 17·9 per cent per annum; *West Rand Consolidated* made only one distribution in 1909, and it was not till 1932 that they joined the rank of the regular dividend payers.

The General Mining Corporation's principal interests on the Rand now are:

West Rand Consolidated Mines,
Van Ryn Gold Mines Estate,
New Steyn Estate Gold Mines,
East Rand Proprietary Mines (together with the Central
Mining; East Rand Proprietary, see note 5),
Vogelstruisbult Gold Mining Areas,
West Witwatersrand Areas.

35. In the same year (1895) the Dresdner Bank opened a branch in London (which was closed down during the Great War).

BAILEY GROUP

36. *Sir Abe Bailey, Bart.*

1864 Born in Cradock, Cape Colony.

1887 Barberton and Rand.

1895 Reform Committee.

1899 Served in South African War; two medals and five clasps.

1902–05 Progressive Member for Barkly West in Cape Parliament.

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- 1907-10 Transvaal Parliament.
- 1907 Raised troops to suppress Zulu Rebellion.
- 1911 K.C.M.G.
- 1914 Joined forces during the Great War; Major.
- 1919 Created Baronet.

37. The boxing match *Couper v. Bendoff*, which played so great a part in the early history of Johannesburg, took place on the 26th July 1889; the total purse amounted to £4,500. The day was a holiday in the generally so industrious Johannesburg, and even the Stock Exchange recorded no dealings, as all the brokers had gone to the Ring.

38. *London & Rhodesian Mining & Land Company*, with a capital of £1,000,000, has large holdings in real estate, in farming and ranching areas, and its share interests include numerous mining properties all over South Africa, amongst them on the Rand: Eastern Transvaal Consolidated, Lace Proprietary, Welgedacht Exploration and Sherwood Starr Gold Mining Co.

39. *Julius Jeppe*, a hunter of the old type who fought in the Secocoeni War, had not been attracted to South Africa by diamonds or gold; a native of Mecklenburg-Schwerin, he had settled down in Pretoria, then moved to Johannesburg, where the first brick house, opened in June 1886, belonged to him. Julius Jeppe belongs to the true pioneers (not to the 'Rand Pioneers,' a term which had a wider meaning and eventually included all those who were in Johannesburg by Christmas 1890).

In the early days Jeppe formed together with L. P. Ford, a solicitor, the Jeppe & Ford Estate Co. It was with this Company and the Jeppes that Abe Bailey carried out his first great estate deals on the Rand, he joined the Board of the Company which eventually became the South African Townships, Sir Abe being to-day its Chairman, and the Board including a Jeppe and a Ford of the third generation.

Sir Julius Jeppe, the son (1859-1929), was one of the most powerful characters in the public life of Johannesburg, having interests in the most varied directions, including journalistic and agricultural; he was, for instance, Chairman of the *Rand Daily Mail* and the *Johannesburg Sunday Times*, and President of the great annual Agricultural Show, in which last office his successor was Sir Lionel Phillips. He belonged to the 'small group of good willed and bilingual' Africans, who 'contrived to

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have one foot in the Uitlander Camp, the other in the Boer stronghold at Pretoria,' but history has shown that all attempts in this direction were bound to meet with failure.

Julius Jeppe, who was knighted in 1922, was, like Bailey, a mighty hunter, who shot most kinds of game in South Africa, had strong leanings towards adventure, and was a follower of many kinds of sport, being the mainstay of the Rand Polo Club, and also resembled his partner Bailey in his great love of speculation.

Another Jeppe, Carl, born in 1858, published in 1906 his reminiscences under the title *The Kaleidoscopic Transvaal*.

40. *South African Townships, Mining & Finance Corporation*, the vast holding Company of the interests of Sir Abe Bailey, has a capital of £1,455,000; its mining interests are identical with those of the London & Rhodesian Mining & Land Company (see note 38).

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1. Emile Zola's *L'Argent* appeared in 1891, and its background was the boom and ensuing collapse after the Paris Exhibition of 1867; every event and every detail could just as well have taken place, and has in fact taken place in every other crisis.

2. In January 1889 H. Eckstein & Co. were offered a block for £10,000, but the firm declined 'upon the ground that the Rand was not in popular favour, the times were bad, and the firm *did not wish to increase its commitments*.' Lionel Phillips, who relates this occurrence in his *Some Reminiscences*, was much impressed by the eleven claims and sought and received the permission to do the business on his own account. As he could not raise the £10,000 by himself, a Syndicate was formed, in which Rhodes also had a share; in 1894 the property passed into the ownership of the Bonanza, formed with a capital of £200,000, which ultimately paid £1,325,000 in dividends. 'At rising prices we sold a portion of the shares from time to time. *This demonstrates how faith in the industry was a growth the extent of which was not appreciated by any of us*' (italics not in the original).

3. Zola, *L'Argent*.

4. This and the preceding quotation are from General J. C. Smuts's Foreword to Harris's *Pioneer, Soldier and Politician*.

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5. DIVIDENDS

The following dividends were paid:

	1887	1888	1889	1890	1891
<i>Formed 1887:</i>		per	cent	dividend	
Wemmer	52	15	20	—	10
Jumpers	5	20	—	—	—
Jubilee	25	45	25	50	40
<i>Formed 1888:</i>					
Meyer & Charlton	—	20	—	20	50
Crown Reef	—	12	12	15	50
Worcester	—	30	45	30	10

It would have been unreasonable to expect a regular and conservative dividend policy in those early days of the opening up of the Rand, but the above table shows all too clearly that it was desired to make high distributions without considering the future, in order to attract more and more new shareholders.

The first dividends could be paid as far back as 1887 (see above) and were —

	£
5 per cent by Jumpers	2,100
25 per cent by Jubilee	3,375
52 per cent by Wemmer	15,960
	<hr/>
	£21,435

The dividend statistics of the Transvaal Chamber of Mines are kept only from 1892 onward, but we shall probably not be far out if we assume those distributed in the five years from 1887 to 1891 to have amounted to £1,200,000.

	£
In 1892 the official figures begin with	833,312
which by 1909 had risen to	9,310,751
Not until 1924 was this result exceeded with	9,557,657
By far the most successful year for the shareholders	
was 1934 with	14,520,212

Altogether the mines on the Rand paid by way of dividend during the forty-seven years from 1887 to 1934 the sum of over £268,500,000.

6. According to Martin H. Coombe (who died in 1913), subsequently manager of the State Mines.

7. Many Companies were a failure from the beginning.

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The Simmer Deep produced gold for twelve years (1908-20), expended £8,500,000 in working costs and on capital account, and yet was unable to pay a dividend. The Randfontein Central has spent £19,000,000 in the same way since it last paid a dividend, and the East Rand Proprietary Mines Company (q.v.) likewise paid out £12,000,000 without the shareholders seeing a penny.

8. Of 183 gold-mining companies (in 1893) 104 never could free themselves from the 'state of development.'

9. Among the mines which formerly produced gold on a large scale, but are now exhausted, are Ferreira, Wemmer, Robinson, City & Suburban, Village Main Reef, and Meyer & Charlton.

With a sound capitalisation a shareholder, in order to get back his money with a reasonable rate of interest, must be able to reckon on a dividend of from 10 to 15 per cent at least for twenty years; this would take into account every possible factor. In normal times, that is to say with settled conditions, without boom and without slump, gold shares stand on the Stock Exchange at such a price that on the whole they pay 10 per cent on the money invested.

The Chamber of Mines has calculated that in the course of years, allowing for amortisation, gold-mining shares have paid less than 7 per cent, and Professor R. A. Lehfeld has even calculated that the return is only $6\frac{1}{4}$ per cent. For the genuine investor, that is to say the capitalist who does not sell when prices are high nor average when they are low, who looks only at his returns and not at the Stock Exchange lists, the investment has not in the long run turned out to be particularly profitable; if he had invested in Government securities (so long as he did not buy $2\frac{1}{2}$ per cent Consols at 110 or over) he would have got almost the same rate.

10. In some cases the information to shareholders was incredibly bad, probably the fault of the mines, which did not like to give details. How little knowledge was possessed in London appears from the following example which accidentally came to the writer's hands: the Jumpers Gold Mining Co. had been formed in 1887 with a capital of £42,000, and had paid a dividend of 5 per cent. But all that the *Stock Exchange Year Book of 1889* was able to report was, 'The capital is believed to be £42,000.'

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11. In October 1888 a wild fluctuation in prices had begun, which reached its zenith in February 1889.

		1888		1889	
		October	November	February	May
Wolhuter . . .		2	2½	5½	3½
Jumpers . . .		5	8	16¾	11¾
Crown Reef . . .		4¼	6¾	9¾	6
Langlaagte . . .		2½	3½	7	4
Ferreira . . .		6	8½	21½	13
Robinson . . .		12	36	64	40

So in February 1889 Jumpers, which in 1887 had paid a dividend of 5 per cent, and none in 1888, stood at 1,675 per cent; Ferreira, which paid their maiden dividend not until 1891, rose to 2,100 per cent; not one of the Companies had been working for more than two years, and therefore could hardly have been expected to show results.

12. In 1888-89 the producing Companies numbered 44 and in 1889 their output amounted to 350,000 fine oz. of a value of £1,490,568. The total nominal capital of these 44 Companies was £6,800,000, which had however been inflated to twice that amount, to £13,255,000.

13. Sir James Molteno reports in *The Dominion of Afrikanerdom* (1923) about the year 1889: 'The centre of gravity had shifted in that short period (of four years) from the coast a thousand miles in the interior. It was all excitement. The manners and customs of the people amongst whom I had been accustomed to move before I left were changing. The steamers and mail-boats could not carry the people fast enough to our shores. The clothes, speech and provisions, both solid and liquid, were changing, and it took me some time to understand the language of my friends.

'A monster upheaval! The most prosaic and matter-of-fact no longer spoke in shillings and pounds but in hundreds, thousands and millions. A new language, a new set of ideas had taken possession of the people, not only the worldly but those also whom I had revered as the most evangelical and godly. . . . Politics, Dutch and English, vendettas and hatreds, all fixed ideas were forgotten in the rush for gold. What a strange and changing world is South Africa! Drought or flood. Plenty or starvation. Peace or war . . .

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'I arrived on the crest of the first great Boom and I wondered what was to become of myself. Was I to rush in and to become a millionaire? The only words I heard for a time were "options," "shares," "scrip," "time bargains," "differences," but the one that most appealed to me was "ground floor." Was it all a dream, a romance! What was the psychology underlying it all? The old mountains were there and the lovely colours and atmosphere. The oaks and pines, the vineyards, the flowers, all the mystery and call of South Africa, but where was the soul of the people?'

14. See page 43.

15. The following South African Mines are at present officially quoted:

Consolidated Gold Fields of South Africa.

Consolidated Mines Selections.

Geduld Proprietary.

Union Corporation.

Van Ryn.

Vereeniging Estate.

All other mines are in the Supplementary List.

16. John Law had in 1717 founded the *Compagnie de la Louisiane* and had issued shares; the speculation reached an unparalleled height in 1720, the bubble burst, and France had to face bankruptcy.

17. Holland was in 1634 the scene of a boom in - tulip bulbs; a fancy value was attributed to the flower which it never possessed; but the fact remains that at an auction 120 bulbs realised the price of 90,000 gulden. The crash of course followed, and for years the country suffered from the consequences of this mass-insanity.

18. It would be wrong to look on every lowering of costs solely from the selfish point of view of the shareholders. When it becomes possible to lower the cost of production by means of the introduction of new and improved methods, it also becomes possible to exploit those parts of the mine which up to then were either not at all or at any rate less profitable, and the work on which would have required the raising of fresh capital without any prospect of an adequate return. An immediate consequence of the cheapening of production is an increased output.

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According to a table drawn up in 1895 the working costs consist of the following:

Wages to whites	.	.	.	26 per cent
Wages to natives	.	.	.	20 „ „
Explosives .	.	.	.	20 „ „
Coal	.	.	.	10 „ „
Various	.	.	.	24 „ „
<hr/>				
				<u>100 per cent</u>

The attempt to lower the wages (46 per cent) has at all stages been the simplest and least troublesome method.

19. Value of the output:

					£
1887	169,401
1888	967,416
1889	1,490,568

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1. Paul H. Emden's *Behind the Throne*, 1934; in the Chapter 'The Great Transformation' a detailed description is given of the transmutation of the English Aristocracy into a Plutocracy in consequence of the appearance of the South African Millionaires.

2. The Robinson Deep is at present the deepest mine in the world, with a depth of 8,500 feet, being 2,800 feet below sea-level.

3. By means of prudent purchases Wernher Beit & Co. had acquired 1,750 deep-level claims at not too high a price, perhaps £500,000 only for the lot. Before, however, it was possible with any measure of safety to count on successful working, the opening up of each individual deep-level mine – and there were 10 of them – required an outlay of roughly £1,000,000.

As to the Rand Mines themselves, see 'The Corner House,' note 6.

4. In 1892 the Exploration Co. had formed the *Consolidated Deep Levels*, at the head of which stood Hamilton Smith (q.v.),

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the great expert, whose opinions did so much to influence the development of the Rand. The Consolidated Deep Levels included Geldenhuis Deep, Rose Deep, Jumpers Deep; between 1893 and 1899 the distribution of dividends and bonus shares on a capital of £200,000 amounted to £1,074,343. During the boom the shares rose to nearly £8, without subsequently ever again reaching anything like that price (in 1900, £1). The holdings of the Consolidated Deep Levels eventually passed into the hands of the Rand Mines.

Gold Fields Deep (see 'Rhodes,' note 9) was formed in 1892 by the Consolidated Gold Fields under the management of Hammond, but in 1898 became again merged in the parent Company. — Once more Rhodes had hesitated a little too long on the Rand, and the Gold Fields Deep had to be content with claims in the second Southern range.

The quotations of Gold Fields Deep are symptomatic for all other Deep Level shares:

30th September 1894	.	.	.	.	£ 1 ³ / ₈
30th September 1895	.	.	.	.	13 ³ / ₈

5. On the Paris market Wernher Beit & Co.'s operations were very clever; they never acted personally, entered into no kind of business relations with the great speculators there, and accordingly were beyond the range of any subsequent attacks. They used the London firm of outside brokers L. Hirsch & Co. who in the years of the mining development acquired extraordinary importance; amongst its partners were Alfred Beit's brother, subsequently Sir Otto Beit, Bart., and Ludwig Neumann, the brother of Sir Sigismund Neumann, Bart.

6. In Germany the Government had, since the days of Mauch, taken the closest interest in everything which concerned the Boer Republic. Financial circles were interested in production on the Rand through two great groups, the Goerz (now Union Corporation) — and Albu (General Mining).

7. By the middle of the nineties the French had invested such vast sums in the South African Mines that occasionally there were fears of diplomatic incidents if political affairs in the Transvaal should take an unfortunate turn.

8. 'Quid non mortalia pectora cogis auri sacra fames?'

9. The shares of *all* South African gold mines quoted in

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London, whether they were producing or still in the development stage or were quite obvious duds, had risen

between 2nd January 1894 and 31st December 1894
from £19,752,615 to £55,351,537,

that is to say two and three-quarter times.

The dividends which were distributed had amounted

in 1893 to roughly £1,019,000;

in 1894 to roughly £1,500,000.

An increase of only £480,000 in the dividends paid had thus been reflected by a capital appreciation of roughly £35,600,000.

The output had risen by only 20 per cent, that is

from £518,000 in January 1894

to £626,000 in November 1895.

10. As long ago as 1891 progress had been made and quite good dividends distributed, which in 1892 for the first time amounted to £1,000,000. – The age of the so urgently necessary reconstructions was over, during which 50 Companies were reconstructed 190 times, so that on an average every one of these Companies had reorganised its capital nearly four times.

11. In a contemporary pamphlet (Felix Abraham, *Thirty Years of South African Mining Industry*, 1898) I found a comparison which clearly illustrates the shortage of shares. On the 31st December 1894 the total nominal capital of all shares dealt in on the London Stock Exchange amounted to roughly £55,000,000 (see note 9); if the whole of the Rand had at that time been formed into one Company the market would have had 55,000,000 shares of £1 each at its disposal. But there was a large number of various Companies (in 1895 there were 311; see note 14) some of which had a rather small capital. The trend of the market was always towards the particular share which had at the moment been pushed into favour by some extraneous influence, or as to which there was some stimulating information; if then for some such reason say Modderfonteins were in demand (we might just as well say in fashion), then everybody wanted Modderfonteins, of which, however, until 1895 there were only 200,000 (in the latter year there was a reconstruction, and at the same time the capital was increased to £1,000,000). The £1 shares stood in 1892 at 5s. and in January 1894 at 5s. 9d.; turned into £4 shares they had in September 1895 nearly touched £18, so that, taking into account their face value, they

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had increased almost fifteen fold. But there is another side: in 1896 they stood at $2\frac{5}{8}$, in 1897 at barely £1.

12. The original 10 Deep Level companies belonging to Wernher Beit & Co. had a total capitalisation of £4,982,828, whereof £2,704,987, that is roughly 55 per cent, had remained in the hands of Rand Mines.

The greatest disproportion between tied and free shares occurred in the case of the Crown Deep; of its £300,000 capital £232,860 was held by Rand Mines. Although it had not yet paid a dividend (the maiden distribution of 50 per cent did not take place till 1898) the shares rose during the boom to £14.

13. A typical instance of the inflationist trend of flotations is the following:

The Randfontein Mines (Robinson) Ltd. had formed on its own territory three subsidiary companies, Porges Randfontein, Robinson Randfontein and North Randfontein, but had sold only sufficient shares in the subsidiaries to raise the necessary working capital. Accordingly, as Robinson kept by far the greater part of the shares in his own hand, he could manipulate the price, that is to say raise it, just as he liked; speculators thus got a totally wrong impression of the value of the shares in the subsidiaries, and thought that, if Porges Randfonteins and North Randfonteins stood at $3\frac{1}{2}$ and Robinson Randfonteins at $2\frac{1}{2}$, they might assume that shares in the Randfontein, in spite of its capital of two and a half millions, were worth, not £1, but £4, and in 1895 they did in fact rise from $\frac{7}{8}$ to $4\frac{3}{8}$.

14. In November 1891 there were 254 Companies on the Witwatersrand, a large number of which had disappeared by the middle of 1894. All the same, by the autumn of 1895 the number of Companies had again risen to 311.

15. Typical flotations of the boom period were:

Barnato Bank, Mining & Estate Corporation (see page 138).

Robinson South African Banking Company (see 'Robinson,' note 3).

Banque Française de l'Afrique du Sud (see 'Barnato,' note 11).

16. Trust means reliance on the integrity, veracity, justice of another person or firm—in short confidence. The Trust Companies formed on the Rand were often the exact opposite of what their name expresses, and their programme can be

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stated in four words: speculation in gold mines. A more or less shrewd operator took the matter in hand, and either saddled the Trust Company on its formation with his own holdings, or the capital of the Trust was at his disposal for the purchase of those shares which he was anxious to push.

17. Twenty-five leading gold producing companies, which together had a nominal capital of £6,554,727, were valued on the market in September 1895 at £38,564,400; this corresponds to an average price of £5 18s. — for the £1 share, or 588 per cent.

18. See page 198 *sqq.*

19.	During 1892 Lowest.	30 Sept. 1894	Sept. 1895 Highest	30 Nov. 1895	During 1896 Lowest
Crown Reef . . .	4½	8½	12½	10½	9
Ferreira . . .	7½	9	22	17	14½
Jumpers . . .	1½	4½	8½	6½	3½
Langlaagte Estate .	2½	4	7½	5½	3½
Rand Mines . . .	—	12½	45½	25½	18
Robinson Gold . .	2½	7	11½	9½	7½

20. Value of gold produced in Transvaal:

	£		£
1884	10,096	1902	7,297,351 ¹
1885	6,010	1903	12,621,781
1886	34,710	1904	16,018,026
1887	169,401	1905	20,848,273
1888	967,416	1910	31,973,123
1890	1,869,645	1913	37,372,949
1891	2,924,305	1914	35,656,814 ²
1892	4,541,071	1915	38,628,437
1893	5,480,498	1916	39,489,522
1894	7,667,152	1917	38,306,381
1895	8,569,555	1918	35,758,636
1896	8,603,821	1920	34,635,947
1897	11,653,725	1922	29,775,598 ³
1898	16,240,630	1925	40,767,901
1899	15,452,025 ¹	1930	45,520,156
1900	1,481,442 ¹	1934	41,881,260
1901	1,097,219 ¹		

Altogether 1884–1934 about £1,227,000,000.

¹ Boer War. ² Beginning of the Great War. ³ The Rand Revolt.

AFTERMATH

AFTERMATH

1. In our own days there is again talk of a new boom, but this is not quite correct. The rise in prices of the last few years lacks the speculative background of former times, it is merely an approximation of the share values to the increased price of gold, it is the effect of the premium on gold. But that is *too* wide a field, and would require an important and extensive chapter of its own.

2. The following Mines on the Rand are to-day producing:

Brakpan,	Modderfontein East,
City Deep,	* New Kleinfontein,
Consolidated Main Reef,	New State Areas,
* Crown Mines,	* Nourse,
Daggafontein,	* Randfontein,
Durban Deep,	Robinson Deep,
East Geduld,	Rose Deep,
East Rand Proprietary,	* Simmer & Jack,
Geduld,	Springs,
Geldenhuis Deep,	Sub-Nigel,
Government Gold Mining Areas,	Van Ryn Deep,
* Langlaagte Estate,	* Van Ryn Gold,
* Luipaards Vlei,	West Rand Consolidated,
Modderfontein B,	West Springs,
* Modderfontein, New,	Witwatersrand Deep,
Modderfontein Deep,	* Witwatersrand Gold.

Of these 32 mines, at the most 10 (marked *) were in existence as long ago as 1892, but even amongst these there are Companies which, owing to reconstructions, etc., have undergone such changes that the present-day undertakings can hardly be called the direct successors of the original ventures.

The extent to which the centre of importance of the Rand has shifted during the last twenty years may be seen from the following table:

Value of output in £1,000.			
	Whole Rand	Old Rand	New Rand
1912 . . .	37,281	32,421	4,860
1932 . . .	48,047	23,450	24,597

3. It has been estimated that as late as 1917 about 60 per cent of the earnings went abroad. To-day South Africa's

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share in the dividend may be taken to be £3,500,000, to which about £19,000,000 must be added for salaries and wages. The net income which South Africa derives from the mining industry would accordingly amount to roughly £22,500,000.

Not included in this is the share of the Government from its areas – the first undertaking of the kind (Government Gold Mining Areas Modderfontein Consolidated) was formed in 1910 – which has grown from £16,429 in 1915 to £2,392,100 in 1934.

4. Among the shares in various industrial companies bought by Investment Trusts for the purpose of spreading risks are the following South African Mines: Brakpan, Crown Mines, Springs Mines, New Modderfontein, Government Gold Mining Areas (Modderfontein), Van Ryn Deep and Sub-Nigel; even the Johannesburg Consolidated Investment Company, which at one time was considered far from being in the front rank, is now admitted to this select circle.

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